

Annual Accounts 1994

And Additional Financial Information

English Version in Guilders



Unilever



Unilever Annual Accounts 1994

This booklet and the separate booklet 'Unilever Annual Review 1994' together comprise the full Annual Report and Accounts for 1994 of Unilever N.V. (N.V.) and Unilever PLC (PLC) when expressed in guilders and pounds sterling respectively.

Contents

Annual Accounts

- 2 General information
- 3 Statements of directors' responsibilities
- 4 Report of the auditors
- 5 Accounting policies
- 7 Unilever Group consolidated accounts
- 22 Principal group companies and fixed investments
- 25 N.V. company accounts and further statutory information
- 28 PLC company accounts, further statutory information and other information

Additional Financial Information

- 35 Unilever Group five year record
- 38 Additional information for United States investors

Financial publications

Versions of this booklet are available, with figures expressed in pounds sterling, in English and, with figures expressed in guilders, in Dutch and English. The 'Unilever Annual Review 1994' booklet is available in the same versions.

Both N.V. and PLC make filings with the United States Securities and Exchange Commission in the form required by United States legislation.

A booklet 'Unilever Charts' gives salient figures for the years 1984-1994, expressed in graphical form.

Copies of all these publications can be obtained without charge on application to any of the following:

Unilever N.V., Corporate Relations Department
Weena 455, PO Box 760, 3000 DK Rotterdam
(Telephone 010 217 4000, Telefax 010 217 4798)

Unilever PLC, Corporate Relations Department
PO Box 68, Unilever House, Blackfriars, London EC4P 4BQ
(Telephone 0171 822 5252, Telefax 0171 822 5951)

Unilever United States, Inc., Corporate Affairs Department
390 Park Avenue, New York NY 10022-4698
(Telephone 212 906 4240, Telefax 212 906 4666)

General information

Unilever

The two parent companies, N.V. and PLC, operate as nearly as is practicable as a single entity, have the same directors and are linked by a series of agreements, including an Equalisation Agreement, which is designed so that the position of the shareholders of both companies is as nearly as possible the same as if they held shares in a single company.

The Equalisation Agreement provides for both companies to adopt the same accounting principles and requires as a general rule the dividends and other rights and benefits (including rights on liquidation) attaching to each Fl. 12 nominal of ordinary capital of N.V. to be equal in value at the relevant rate of exchange to the dividends and other rights and benefits attaching to each £1 nominal of ordinary share capital of PLC, as if each such unit of capital formed part of the ordinary capital of one and the same company.

Basis of consolidation

By reason of the operational and contractual arrangements referred to above and the internal participating interests set out in note 18 on page 15, N.V. and PLC and their group companies constitute a single group under Netherlands and United Kingdom legislation for the purposes of presenting consolidated accounts. Accordingly the accounts of the Unilever Group are presented by both N.V. and PLC as their respective consolidated accounts. These accounts are supplemented in note 30 on page 21 by additional information for the N.V. and PLC parts of the Group in which group companies are consolidated according to respective ownership.

Companies legislation

The consolidated accounts of the Unilever Group comply with Book 2 of the Civil Code in the Netherlands and the United Kingdom Companies Act 1985. The company accounts, the notes to those accounts and the further statutory information given for each of N.V. and PLC comply with legislation in the Netherlands and the United Kingdom respectively. As explained under 'Group companies' on page 5, in order to give a true and fair view, the presentation of the consolidated capital and reserves differs from that specified by the United Kingdom Companies Act 1985.

Accounting standards

The accounts are prepared under the historical cost convention and comply in all material respects with applicable accounting principles in the Netherlands and, except for deferred taxation, with United Kingdom Accounting Standards.

United Kingdom Statement of Standard Accounting Practice Number 15 (SSAP 15) requires that no provision should be made for deferred taxation where it is probable, based on reasonable assumptions, that a liability will not crystallise. In this respect, SSAP 15 is not in agreement with Dutch law as currently applied. For this reason, and because of the Equalisation Agreement, full provision continues to be made for deferred taxation. The effects of this departure from SSAP 15 are shown in the notes to the accounts.

OECD Guidelines

In preparing its annual accounts Unilever adheres to the disclosure recommendations of the OECD Guidelines for Multinational Enterprises.

Statements of directors' responsibilities

Annual accounts

The directors are required by Book 2 of the Civil Code in the Netherlands and the United Kingdom Companies Act 1985 to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Unilever Group, N.V. and PLC as at the end of the financial year and of the profit or loss for that year.

The directors consider that in preparing the accounts, the Group, N.V. and PLC have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed, except as noted under 'Accounting standards' on page 2.

The directors have responsibility for ensuring that N.V. and PLC keep accounting records which disclose with reasonable accuracy the financial position of the Companies and which enable the directors to ensure that the accounts comply with the relevant legislation. They also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

This statement, which should be read in conjunction with the 'Report of the auditors' set out on page 4, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the accounts.

Going concern

The directors continue to adopt the going concern basis in preparing the accounts. This is because the directors, after making enquiries and following a review of the Group's budget for 1995 and 1996, including cash flows and borrowing facilities, have a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future.

Internal control

Unilever has a well established control environment which is well documented and regularly reviewed. This incorporates internal financial control procedures which are designed to provide reasonable assurance that assets are safeguarded, proper accounting records are maintained and financial information is reliable. The directors have also established a clear organisation structure, including delegation of appropriate authorities. The Group's control environment is supported through a Code of Business Principles which sets standards of professionalism and integrity for its operations worldwide.

Internal Audit plays a key role in providing an objective view and continuing assessment of the effectiveness of the control environment to both operating management and the directors.

The directors have overall responsibility for establishing key procedures designed to achieve a system of internal financial control. The day to day responsibility for implementation of these procedures and monitoring the effectiveness of these controls rests with the Group's senior management at individual operating company level. A Corporate Risk Committee, chaired by the Financial Director, has been established to assist in this process.

Unilever has a comprehensive budgeting system with an annual budget approved by the directors, which is regularly updated. Performance is monitored against budget and the previous year through monthly and quarterly reporting routines. The Group reports to shareholders quarterly.

The Group has an independent Audit Committee, entirely composed of Advisory Directors. This Committee regularly meets with Internal Audit and the external auditors.

Report of the auditors

Report of the auditors to the shareholders of Unilever N.V. and Unilever PLC

We have audited the accounts set out on page 2 and pages 5 to 33.

Respective responsibilities of directors and auditors

As described on page 3, the directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with auditing standards generally accepted in the Netherlands and the United Kingdom. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the most important estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Group'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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Unilever Group, Unilever N.V. and Unilever PLC at 31 December 1994 and of the profit, total recognised gains and cash flows of the Group for the year then ended. In our opinion the accounts of the Unilever Group, and of Unilever N.V. and Unilever PLC respectively, have been properly prepared in accordance with Book 2 of the Civil Code in the Netherlands and the United Kingdom Companies Act 1985.

Coopers & Lybrand

Registeraccountants

Rotterdam

As auditors of Unilever N.V.

Coopers & Lybrand

Chartered Accountants and Registered Auditors

London

As auditors of Unilever PLC

20 March 1995

Unilever Group Accounting policies

Group companies

Group companies are those companies in whose share capital N.V. or PLC holds an interest directly or indirectly, and whose consolidation is required for the accounts to give a true and fair view.

In order that the consolidated accounts should present a true and fair view, it is necessary to differ from the presentational requirements of the United Kingdom Companies Act 1985 by including amounts attributable to both N.V. and PLC shareholders in the capital and reserves shown in the balance sheet. The Companies Act would require presentation of the capital and reserves attributable to PLC and N.V. shareholders as minority interests in the respective consolidated accounts of N.V. and PLC. This presentation would not give a true and fair view of the effect of the Equalisation Agreement, under which the position of all shareholders is as nearly as possible the same as if they held shares in a single company.

Net profit and profit of the year retained are presented on a combined basis on page 7, with the net profit attributable to N.V. and PLC shareholders shown separately. Movements in profit retained are analysed between those attributable to N.V. and PLC shareholders in note 19 on page 17.

Foreign currencies

Exchange differences arising in the accounts of individual companies are dealt with in their respective profit and loss accounts. Those arising on trading transactions are taken to operating profit; those arising on cash, current investments and borrowings are classified as interest.

In preparing the consolidated accounts, the profit and loss account, the cash flow statement and all movements in assets and liabilities are translated at annual average rates of exchange. The balance sheet, other than the ordinary share capital of N.V. and PLC, is translated at year-end rates of exchange. In the case of hyper-inflation economies, the accounts in local currency are adjusted to remove the influences of inflation before being translated.

The ordinary share capital of N.V. and PLC is translated at the rate of £1 = Fl. 12 contained in the Equalisation Agreement. The difference between this and the value derived by applying the year-end rate of exchange is taken to other reserves (see note 20 on page 17).

The effects of exchange rate changes during the year on net assets at the beginning of the year are recorded as a movement in profit retained, as is the difference between profit of the year retained at average rates of exchange and at year-end rates of exchange.

Intangible assets

No value is attributed to intangible assets. Purchased goodwill, being the difference between the consideration paid for new interests in group companies and associated companies and the fair value of the Group's share of their net assets at the date of acquisition, is written off in the year of acquisition as a movement in profit retained.

On any subsequent disposal of a business previously acquired, purchased goodwill written off on acquisition is reinstated in arriving at the profit or loss on disposal.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on a straight-line basis at percentages of cost based on the expected average useful lives of the assets. Estimated useful lives by major class of assets are as follows:

Freehold buildings (no depreciation on freehold land)	33 – 40 years
Leasehold land and buildings	* 33 – 40 years
Plant and equipment	5 – 20 years
Motor vehicles	3 – 6 years

* or life of lease if less than 33 years

Current cost information is given in note 7 on page 12.

Fixed investments

Associated companies are undertakings in which the Group has a participating interest and is able to exercise significant influence. Interests in associated companies are stated in the consolidated balance sheet at the Group's share of their underlying net assets.

Other fixed investments are stated at cost less any amounts written off to reflect a permanent diminution in value.

Stocks

Stocks are valued at the lower of cost and estimated net realisable value. Cost comprises direct costs and, where appropriate, a proportion of production overheads.

Debtors

Debtors are stated after deducting adequate provision for doubtful debts.

Unilever Group

Accounting policies *(continued)*

Current investments

Current investments are liquid funds temporarily invested and are stated at their realisable value. The difference between this and their original cost is taken to interest in the profit and loss account.

Financial instruments

Changes in the value of forward foreign exchange contracts are recognised in the results in the same period as changes in the values of the assets and liabilities they are intended to hedge. Interest payments and receipts arising from interest rate derivatives such as swaps and forward rate agreements are matched to those arising from underlying debt and investment positions.

Retirement benefits

The expected costs of providing retirement pensions under defined benefit schemes, as well as the costs of other post-retirement benefits, are charged to the profit and loss account over the periods benefiting from the employees' services. Variations from expected cost are normally spread over the average remaining service lives of current employees.

Contributions to defined contribution pension schemes are charged to the profit and loss account as incurred.

Liabilities arising under defined benefit schemes are either externally funded or provided for in the consolidated balance sheet. Any difference between the charge to the profit and loss account in respect of funded schemes and the contributions payable to each scheme is recorded in the balance sheet as a prepayment or provision.

Deferred taxation

Full provision is made for deferred taxation, at the rates of tax prevailing at the year-end unless future rates have been enacted, on all significant timing differences arising from the recognition of items for taxation purposes in different periods to those in which they are included in the Group's accounts.

Provision is not made for taxation which would become payable if retained profits of group companies and associated companies were distributed to the parent companies, as it is not the intention to distribute more than the dividends, the tax on which is included in the accounts.

Research and development

Expenditure on research and development is charged against the profit of the year in which it is incurred.

Turnover

Turnover comprises sales of goods and services after deduction of discounts and sales taxes. It includes sales to associated companies but does not include sales by associated companies or sales between group companies.

Transfer pricing

The preferred method for determining transfer prices for own manufactured goods is to take the market price. Where there is no market price, the companies concerned follow established transfer pricing guidelines, where available, or else engage in arms' length negotiations. Normally this will lead to a price fixed at ex-works cost plus a percentage profit mark-up.

Trade marks owned by the parent companies and used by operating companies are, where appropriate, licensed in return for royalties or a fee.

General services provided by central advisory departments and research laboratories are charged to operating companies on the basis of fees.

Where necessary, transfer pricing, royalty and service fee arrangements are discussed and agreed with the government authorities of the countries concerned.

Leases

Lease payments, which are principally in respect of operating leases, are charged to the profit and loss account on a straight-line basis over the lease term, or over the period between rent reviews where these exist.

Financial Reporting Standard 4 (FRS 4)

With effect from 1994, Unilever has adopted FRS 4 (Capital Instruments) of the United Kingdom Accounting Standards Board. As a result, certain preference shares in a group company have been reclassified from minority interests to borrowings in the balance sheet as at 31 December 1993. In addition, the dividends on these preference shares have been reclassified from minority interests to interest payable in the profit and loss account for 1993. The figures for earlier years have also been reclassified. The preference shares were repurchased on 13 January 1994. Adoption of the Standard has no effect on reported net profit.

Unilever Group
Consolidated profit and loss account and
Statement of total recognised gains and losses

for the year ended 31 December

	Fl. million	
	1994	1993
Consolidated profit and loss account		
Turnover 1	82 590	77 626
Continuing operations	80 589	77 626
Acquisitions	2 001	
Operating costs 2	(75 578)	(72 229)
Operating profit 1	7 012	5 397
Continuing operations	7 049	6 763
Exceptional items 3	(173)	(1 366)
Acquisitions	6 876	5 397
	136	
Income from fixed investments 8	174	179
Non-operating exceptional items 3	38	245
Interest 4	(590)	(454)
Profit on ordinary activities before taxation	6 634	5 367
Taxation on profit on ordinary activities 5	(2 122)	(1 616)
Profit on ordinary activities after taxation	4 512	3 751
Minority interests	(173)	(139)
Net profit	4 339	3 612
Attributable to: N.V. 19	2 928	2 485
PLC 19	1 411	1 127
Preference dividends	(15)	(15)
Dividends on ordinary capital	(1 583)	(1 494)
Profit of the year retained	2 741	2 103
Statement of total recognised gains and losses		
Net profit	4 339	3 612
Currency retranslation	(597)	105
Total recognised gains	3 742	3 717
Change in accounting policy 28	—	(602)
Total recognised gains since last annual accounts	3 742	3 115
Combined earnings per share 26		
Guilders per Fl. 4 of ordinary capital	15.52	12.90
Pence per 5p of ordinary capital	83.59	69.45
On a SSAP 15 basis the figures would be:		
Guilders per Fl. 4 of ordinary capital	16.50	12.88
Pence per 5p of ordinary capital	88.89	69.35

Unilever Group

Consolidated balance sheet

as at 31 December

	Fl. million	
	1994	1993
Fixed assets		
Tangible fixed assets 7	22 156	21 923
Fixed investments 8	518	619
	22 674	22 542
Current assets		
Stocks 9	10 168	9 901
Debtors 10	12 424	12 254
Current investments 11	1 423	1 645
Cash at bank and in hand 12	2 620	1 719
	26 635	25 519
Creditors due within one year		
Borrowings 13	(2 910)	(3 816)
Trade and other creditors 14	(16 241)	(16 785)
	7 484	4 918
Net current assets		
	30 158	27 460
Creditors due after more than one year		
Borrowings 13	5 610	4 230
Trade and other creditors 14	1 057	782
Provisions for liabilities and charges		
Pensions and similar obligations 15	5 968	5 631
Deferred taxation and other provisions 16	2 253	2 603
Minority interests	783	710
Capital and reserves 17	14 487	13 504
Attributable to: NV: Called up share capital 18	905	905
Share premium account	52	52
Profit retained 19	8 372	7 652
Other reserves 20	(178)	(137)
	9 151	8 472
PLC: Called up share capital 18	489	487
Share premium account	244	216
Profit retained 19	4 950	4 666
Other reserves 20	(347)	(337)
	5 336	5 032
Total capital employed	30 158	27 460

Capital and reserves include amounts relating to preference shares in N.V. which under United Kingdom Financial Reporting Standard 4 are classified as non-equity.

Unilever Group

Consolidated cash flow statement

for the year ended 31 December

	Fl. million	
	1994	1993
Net cash inflow from operating activities 22	9 085	7 943
Returns on investments and servicing of finance		
Dividends from fixed investments	63	59
Interest received	350	496
Interest paid	(913)	(1 021)
Dividends paid by the parent companies	(1 526)	(1 429)
Dividends paid to minority shareholders	(127)	(119)
Net cash outflow from returns on investments and servicing of finance	(2 153)	(2 014)
Taxation	(2 317)	(1 482)
Investing activities		
Capital expenditure	(3 975)	(3 830)
Disposal of tangible fixed assets	324	409
Single European Market restructuring	(134)	(167)
Acquisition of group companies 21	(1 673)	(1 624)
Disposal of group companies 21	298	132
Acquisition/disposal of fixed investments	(7)	228
Purchase/sale of current investments maturing after more than three months from date of investment	203	(216)
Net cash outflow from investing activities	(4 964)	(5 068)
Net cash outflow before financing	(349)	(621)
Financing activities		
Increase in borrowings due after more than three months from date of advance 23	4 457	2 360
Decrease in borrowings due after more than three months from date of advance 23	(3 145)	(2 717)
Repurchase of preference shares in a group company 23	(785)	—
Issue of ordinary share capital (employee share schemes) 23	41	29
Issue of shares by group companies to minority shareholders	47	85
Net cash inflow/(outflow) from financing	615	(243)
Increase/(decrease) in cash and cash equivalents	266	(864)
Cash and cash equivalents 1 January	875	1 859
Currency retranslation	527	(120)
Increase/(decrease) in cash and cash equivalents	266	(864)
Cash and cash equivalents 31 December	1 668	875
Of which:		
Cash at bank and in hand	2 620	1 719
Current investments maturing within three months from date of investment	491	415
Borrowings due within three months from date of advance	(1 443)	(1 259)

Unilever Group

Notes to the consolidated accounts

1 Segmental information

Fl. million

	1994			1993
	Continuing operations	Acquisitions	Total	Total
Turnover				
By geographical area:				
Europe	42 468	1 297	43 765	42 279
North America	16 427	44	16 471	15 848
Rest of the World	21 694	660	22 354	19 499
	80 589	2 001	82 590	77 626
By operation:				
Foods	41 689	1 406	43 095	39 981
Detergents	18 087	161	18 248	18 138
Personal Products	11 937	106	12 043	11 076
Speciality Chemicals	6 974	220	7 194	6 519
Other Operations	1 902	108	2 010	1 912
	80 589	2 001	82 590	77 626

The analysis of turnover by geographical area is stated on the basis of origin. Turnover on a destination basis would not be materially different. Inter-segment sales between operational segments and between geographical areas are not material.

Operating profit

By geographical area:

Europe	3 522	55	3 577	2 933
North America	1 395	3	1 398	682
Rest of the World	1 959	78	2 037	1 782
	6 876	136	7 012	5 397
By operation:				
Foods	3 289	55	3 344	2 799
Detergents	1 270	17	1 287	862
Personal Products	1 276	22	1 298	935
Speciality Chemicals	857	28	885	654
Other Operations	184	14	198	147
	6 876	136	7 012	5 397

Net operating assets

By geographical area:

	1994	1993
Europe	10 457	10 232
North America	5 608	6 095
Rest of the World	5 938	5 500
	22 003	21 827
By operation:		
Foods	11 446	11 438
Detergents	3 953	4 372
Personal Products	2 172	2 136
Speciality Chemicals	3 807	3 545
Other Operations	625	336
	22 003	21 827

Net operating assets are tangible fixed assets, stocks and debtors less trade and other creditors (excluding taxation and dividends) and less provisions for liabilities and charges other than deferred taxation and deferred purchase consideration of Fl. nil (1993: Fl. 189 million).

Unilever Group

Notes to the consolidated accounts

	Fl. million			Fl. million	
	1994	1993		1994	1993
2 Operating costs			5 Taxation on profit on ordinary activities		
Cost of sales	(47 679)	(44 153)	Parent and group companies (a)	(2 066)	(1 564)
Continuing operations	(46 315)	(44 153)	Associated companies	(56)	(52)
Acquisitions	(1 364)			(2 122)	(1 616)
Distribution and selling costs	(18 592)	(18 248)	Of which:		
Continuing operations	(18 211)	(18 248)	Adjustments to previous years	255	286
Acquisitions	(381)		Taxation on non-operating exceptional items	(5)	(39)
Administrative expenses	(9 307)	(9 828)	(a) United Kingdom Corporation		
Continuing operations	(9 187)	(9 828)	Tax at 33% (1993: 33%)	(356)	(408)
Acquisitions	(120)		less: double tax relief	200	139
	(75 578)	(72 229)	plus: non-United Kingdom taxes	(1 910)	(1 295)
Operating costs include:				(2 066)	(1 564)
Staff costs 6	(13 345)	(12 912)	Deferred taxation has been included on a full provision basis for:		
Depreciation	(2 037)	(1 880)	Accelerated depreciation	(79)	(139)
Advertising and promotions	(9 309)	(9 148)	Other	(195)	159
Research and development	(1 512)	(1 442)		(274)	20
Lease rentals: Plant and machinery	(310)	(273)	On a SSAP 15 basis the (charge)/credit for deferred taxation would be:		
Other	(582)	(547)	Accelerated depreciation	—	2
Audit fees	(18)	(17)	Other	—	11
				—	13
3 Exceptional items			Profit on ordinary activities after taxation on a SSAP 15 basis would be	4 786	3 744
Included in operating profit					
Restructuring	(259)	(1 444)	6 Staff costs and employees		
Other including business disposals	86	78	Staff costs:		
	(173)	(1 366)	Remuneration of employees	(10 820)	(10 676)
By geographical area:			Emoluments of directors as managers	(23)	(19)
Europe	(71)	(781)	Pension costs:		
North America	—	(506)	Defined benefit schemes	(740)	(520)
Rest of the World	(102)	(79)	Defined contribution schemes	(53)	(46)
	(173)	(1 366)	Post-retirement health benefits	(142)	(130)
By operation:			Social security costs	(1 562)	(1 516)
Foods	17	(510)	Superannuation of former directors	(5)	(5)
Detergents	(119)	(501)	Total staff costs	(13 345)	(12 912)
Personal Products	(42)	(232)	The average number of employees during the year was, in thousands:		
Speciality Chemicals	(34)	(117)	Europe	104	105
Other Operations	5	(6)	North America	32	32
	(173)	(1 366)	Rest of the World	168	157
				304	294
Non-operating exceptional items					
Profit on disposal of:					
Properties	38	94			
Fixed investments	—	151			
	38	245			
4 Interest					
Interest payable and similar charges	(976)	(1 022)			
Interest receivable and similar income	376	586			
Exchange differences	10	(18)			
	(590)	(454)			
Interest payable on borrowings which are wholly repayable within five years	(727)	(863)			

Unilever Group

Notes to the consolidated accounts

	Fl. million			Fl. million	
	1994	1993		1994	1993
7 Tangible fixed assets			8 Fixed investments		
At cost less depreciation:			Associated companies	267	347
Land and buildings (a)	6 746	6 431	Other fixed investments	251	272
Plant and machinery	15 410	15 492		518	619
	22 156	21 923	Investments listed on a recognised stock exchange	279	210
(a) includes: freehold land	891	843	Unlisted investments	239	409
leasehold land (mainly long term leases)	164	183		518	619
Approximate current replacement cost of tangible fixed assets net of accumulated current cost depreciation	26 137	26 910	Market value of listed investments	401	350
On a current replacement cost basis the depreciation charge to the profit and loss account would have been increased by	(686)	(688)	Movements during the year:		
At 31 December, capital expenditure authorised and not spent amounted to	2 077	2 394	1 January	619	
Of which commitments had been entered into for	646	873	Currency retranslation	(46)	
			Additions/reductions	(99)	
			Share of retained profit of associated companies	44	
			31 December	518	
			Income from fixed investments		
			Share of associated companies' profit before taxation	149	157
			Income from other fixed investments	20	22
			Profit/(loss) on disposal	5	—
				174	179
Movements during 1994	Land and buildings	Plant and machinery	9 Stocks		
Cost			Raw materials and consumables	4 735	4 465
1 January	8 764	26 465	Finished goods and goods for resale	5 433	5 436
Currency retranslation	(532)	(1 428)		10 168	9 901
Capital expenditure	797	3 178			
Disposals	(207)	(1 607)	10 Debtors		
Acquisition/disposal of group companies	390	590	Due within one year:		
Other adjustments	23	(42)	Trade debtors	9 116	8 913
31 December	9 235	27 156	Prepayments and accrued income	824	804
Depreciation			Other debtors	1 742	1 738
1 January	2 333	10 973		11 682	11 455
Currency retranslation	(128)	(550)	Due after more than one year:		
Disposals	(78)	(1 095)	Prepayments to funded pension schemes	432	455
Acquisition/disposal of group companies	141	355	Other debtors	310	344
Charged to profit and loss account	200	1 837		742	799
Other adjustments	21	226			
31 December	2 489	11 746	Total debtors	12 424	12 254
Net book value 31 December	6 746	15 410			
Includes payments on account and assets in course of construction	551	1 521			

Unilever Group

Notes to the consolidated accounts

	Fl. million			Fl. million	
	1994	1993		1994	1993
11 Current investments			13 Borrowings (continued)		
Listed on a recognised stock exchange	1 160	1 549	Bonds and other loans (continued)		
Unlisted	263	96	Other group companies		
	1 423	1 645	USA		
12 Cash at bank and in hand			5½% Notes 1995 (Swiss Frs.) (d)	199	195
On call and in hand	1 420	1 428	8% Notes 1996	434	482
Repayment notice required	1 200	291	8¼% Notes 1998	260	289
	2 620	1 719	9¼% Notes 2000 (e)	695	775
			Other	232	712
13 Borrowings			Preference shares in a group company	—	784
Bank loans and overdrafts	2 473	1 918	Other loans	615	548
Bonds and other loans	6 047	6 128	Total other group companies	2 435	3 785
	8 520	8 046	Total bonds and other loans	6 047	6 128
The repayments fall due as follows:			Swapped into:		
Within 1 year:			(a) floating rate guilders		
Bank loans and overdrafts	1 777	1 637	(b) floating rate United States dollars and guilders		
Bonds and other loans	1 133	2 179	(c) floating rate sterling		
Total due within one year	2 910	3 816	(d) fixed rate United States dollars		
After 1 year but within 2 years	815	687	(e) floating rate United States dollars		
After 2 years but within 5 years	1 914	2 205	The Group's principal lines of credit are multi-currency		
After 5 years: By instalments	27	49	facility agreements with nine banks under which the Group		
Not by instalments	2 854	1 289	may borrow funds aggregating £1 350 million for general		
Total due after more than one year	5 610	4 230	financing purposes or for acquisitions up to 1 January 1996.		
Total amount repayable by			These lines of credit were undrawn at 31 December 1994.		
instalments any of which are payable			Negotiations for the renewal of these facilities for a further		
after 5 years	191	250	five years are well advanced.		
Secured borrowings – mainly bank			In addition, there are extensive facilities available to Unilever		
loans and overdrafts	656	380	in all the principal countries in which it operates to meet the		
Of which secured against			day to day needs of operating companies.		
tangible fixed assets	248	281			
Bonds and other loans			14 Trade and other creditors		
N.V.			Due within one year:		
5¼% Bonds 1995 (a)	200	200	Trade creditors	8 115	7 839
3¼% Bonds 1995 (Swiss Frs.) (b)	199	195	Social security and sundry taxes	771	802
9¼% Bonds 1997 (French Frs.)	325	327	Accruals and deferred income	3 251	3 157
8% Notes 1999 (US \$)	347	—	Taxation on profits	555	1 441
9% Bonds 2000 (a)	500	500	Dividends	1 193	1 138
6½% Bonds 2004 (a)	350	—	Others	2 356	2 408
7¼% Bonds 2004 (French Frs.)	488	—		16 241	16 785
7¼% Bonds 2004 (US \$)	434	—	Due after one year:		
Other	394	435	Accruals and deferred income	116	147
Total N.V.	3 237	1 657	Taxation on profits	665	404
PLC			Others	276	231
7¾% Notes 1998 (c)	272	287		1 057	782
Other	103	399	Total creditors	17 298	17 567
Total PLC	375	686			
Sterling equivalent in millions	138	239			

Unilever Group

Notes to the consolidated accounts

	Fl. million			Fl. million	
	1994	1993		1994	1993
15 Pensions and similar obligations			16 Deferred taxation and other provisions <i>(continued)</i>		
These are predominantly long term liabilities:			Movements in restructuring provisions related to acquisitions:		
Unfunded pension schemes	4 224	4 001	1 January	157	
Funded pension schemes	419	265	Currency retranslation	(8)	
Post-retirement health benefits	1 325	1 365	Acquisition of group companies	369	
	5 968	5 631	Profit and loss account	(5)	
			Utilisation	(107)	
Movements during the year:			31 December	406	
1 January	5 631		Movements in other restructuring provisions:		
Currency retranslation	(209)		1 January	1 559	
Profit and loss account	935		Currency retranslation	(76)	
Payments	(457)		Profit and loss account	259	
Other adjustments	68		Utilisation	(651)	
31 December	5 968		31 December	1 091	
			Movements in other provisions:		
16 Deferred taxation and other provisions			1 January	509	
Deferred taxation on:			Currency retranslation	(28)	
Accelerated depreciation	3 211	3 243	Acquisition/disposal of group companies	43	
Stock reliefs	107	144	Profit and loss account	100	
Pension and similar provisions	(1 130)	(950)	Utilisation	(229)	
Short term and other timing differences	(1 717)	(1 935)	31 December	395	
Advance Corporation Tax	(110)	(124)			
	361	378	17 Capital and reserves		
Restructuring provisions related to acquisitions	406	157	Movements during the year:		
Other restructuring provisions	1 091	1 559	1 January	13 504	12 650
Other provisions	395	509	Profit of the year retained	2 741	2 103
	2 253	2 603	Goodwill movements	(1 140)	(752)
			Currency retranslation	(613)	118
Advance Corporation Tax is available for offset against future United Kingdom Corporation Tax liabilities.			Change in book value of N.V. shares or certificates held by group companies in connection with N.V. share options	(46)	(42)
Movements in deferred taxation:			Issue of shares under PLC share option schemes	41	29
1 January	378		Change in accounting policy 28	—	(602)
Currency retranslation	(34)		31 December	14 487	13 504
Acquisition/disposal of group companies	(264)				
Profit and loss account	274		As required by United Kingdom Financial Reporting Standard 4 capital and reserves can be analysed as follows:		
Other movements	7		Equity:		
31 December	361		Ordinary capital	14 222	13 239
On a SSAP 15 basis provision for deferred taxation would be	22	25	Non-equity:		
			7% Cumulative Preference	29	29
			6% Cumulative Preference	161	161
			4% Cumulative Preference	75	75
				14 487	13 504

Unilever Group

Notes to the consolidated accounts

18 Called up share capital

Authorised			Nominal value per share	Number of shares allotted	Allotted, called up and fully paid
1994	1993				1994 1993
Fl. million		Preferential share capital N.V.			Fl. million
75	75	7% Cumulative Preference	Fl. 1 000	29 000	29 29
200	200	6% Cumulative Preference	Fl. 1 000	161 060	161 161
75	75	4% Cumulative Preference	Fl. 100	750 000	75 75
350	350				265 265
Fl. million		Ordinary share capital N.V.			Fl. million
1 000	1 000	Ordinary	Fl. 4	160 041 250	640 640
2	2	Ordinary (shares numbered 1 to 2 400)	Fl. 1 000	2 400	2 2
—	—	Internal holdings eliminated in consolidation (Fl. 1 000 shares)			(2) (2)
1 002	1 002				640 640
		Total N.V. share capital			905 905
£ million		PLC			£ million
136.2	136.2	Ordinary: (1994)	5p	814 480 307	40.7
0.1	0.1	(1993)	5p	811 634 649	40.6
—	—	Deferred	£1 stock	100 000	0.1 0.1
		Internal holdings eliminated in consolidation (£1 stock)			(0.1) (0.1)
136.3	136.3	Total PLC share capital			40.7 40.6
		Guilder equivalent in millions			489 487

The classes of preferential share capital of N.V. are entitled to dividends at the rates indicated. A nominal dividend of 1/4% is paid on the deferred stock of PLC.

The 4% cumulative preference capital of N.V. is redeemable at par at the Company's option either wholly or in part. The other classes of preferential share capital of N.V. and the deferred stock of PLC are not redeemable.

Each shareholder of N.V. has one vote for each Fl. 4 of capital held of whatever class. Each shareholder of PLC has one vote for each 5p of capital held. N.V. Elma and United Holdings Limited (see 'Internal holdings') may not, by law, exercise any votes in general meetings of shareholders of N.V. and PLC respectively.

In accordance with the Equalisation Agreement and the Articles of Association of N.V. and PLC, if either or both companies go into liquidation, the amounts available for distribution amongst shareholders are applied firstly to the repayment of preferential capital and arrears of dividends on preferential capital, and secondly to the distribution to ordinary shareholders of any reserves that have arisen under the Equalisation Agreement. Any remaining surplus is then pooled and distributed amongst the holders of ordinary shares of both companies such that the amount payable on each Fl. 12 nominal of ordinary capital of N.V. is equal at the relevant rate of exchange to the amount payable on each £1 nominal of ordinary capital of PLC. The holders of PLC's deferred stock are only entitled to repayment of capital.

The increase during the year in PLC ordinary shares and share premium account is due to the issue of shares under the PLC 1985 Sharesave Scheme and the PLC 1985 Executive Share Option Schemes.

Under the arrangements for the variation of the Leverhulme Trust, shares in a group company have been issued which are convertible at the end of the year 2038 into a maximum of 51 875 000 ordinary shares of PLC.

Internal holdings

The ordinary shares numbered 1 to 2 400 (inclusive) in N.V. and deferred stock of PLC are held as to one half of each class by N.V. Elma – a subsidiary of N.V. – and one half by United Holdings Limited – a subsidiary of PLC. This capital is eliminated in consolidation. It carries the right to nominate persons for election as directors at general meetings of shareholders. The above mentioned subsidiaries have waived their rights to dividends on their ordinary shares in N.V.

The directors of N.V. Elma are N.V. and PLC, who with Sir Michael Perry and Mr M. Tabaksblat are also directors of United Holdings Limited.

Unilever Group

Notes to the consolidated accounts

18 Called up share capital (continued)

Share options

At 31 December 1994 De Duif B.V. and Unilever United States, Inc., subsidiaries of N.V., held certificates (depository receipts) representing 965 931 (1993: 733 127) Fl. 4 ordinary shares of N.V. in connection with Unilever N.V. share options. The book value of these shares is eliminated in consolidation by deduction from other reserves (see note 20 on page 17).

Trusts exist in the United Kingdom and Ireland to purchase and hold PLC shares to satisfy options granted under the respective share option schemes. The trusts are not group companies and are not consolidated in the group accounts. Costs and expenses of the trusts are recoverable from PLC and its subsidiaries and these costs and expenses are included in the results of the Group. The trusts had bank borrowings at the end of 1994 of £115 million. These borrowings were matched by the value of the shares held, and also guaranteed by Unilever PLC. The trustee of each trust has agreed, until further notice, to waive dividends on the shares held, save for the nominal sum of 0.01p per 5p ordinary share. At 31 December 1994 the trusts together held 15 649 457 (1993: 14 619 164) shares.

Options granted to directors and employees to acquire ordinary shares of N.V. and PLC and still outstanding at 31 December 1994 were as follows:

	Number of shares	Range of option prices per share	Date normally exercisable
N.V. Share Options			
(Shares of Fl. 4)	20 754	Fl. 147.50 – Fl. 154.40	1995
	3 425	Fl. 103.10	1995-1997
	87 902	Fl. 157.20 – Fl. 168.20	1995-1996
	181 091	Fl. 185.00 – Fl. 187.20	1995-1997
	171 257	Fl. 197.10 – Fl. 221.40	1995-1998
	164 677	Fl. 192.00 – Fl. 205.10	1995-1999
	65 000	US\$ 102.75	1995-2002
	110 900	US\$ 107.25	1995-2003
	151 225	US\$ 102.69	1995-2004
PLC 1985 Executive Share Option Schemes (Shares of 5p)			
	34 530	£2.90	1995
	63 465	£5.07	1995-1996
	9 270	£4.82	1995-1997
	67 635	£4.37	1995-1998
	151 711	£5.37 – £5.47	1995-1998
	312 659	£6.46 – £6.63	1995-1999
	513 372	£7.30 – £7.35	1995-2000
	208 450	£8.26	1995-2001
	820 049	£9.07	1995-2001
	155 541	£10.46	1995-2002
	649 471	£10.14	1996-2002
	49 432	£11.10	1996-2003
	719 929	£10.15 – £11.30	1997-2003
	136 475	£11.32	1997-2004
PLC 1985 Sharesave Scheme (Shares of 5p)			
	261 674	£5.07	1995
	2 397 942	£5.31	1995-1996
	2 679 491	£5.84	1996-1997
	4 154 672	£7.26	1997-1998
	2 201 652	£9.13	1998-1999
	1 728 286	£9.14	1999-2000

Unilever Group

Notes to the consolidated accounts

Fl. million	N.V.		PLC	
	1994	1993	1994	1993
19 Profit retained				
Net profit	2 928	2 485	1 411	1 127
Preference dividends	(15)	(15)	—	—
Dividends on ordinary capital	(986)	(938)	(597)	(556)
Profit of the year retained	1 927	1 532	814	571
Goodwill movements	(1 008)	(586)	(132)	(166)
Currency retranslation	(199)	(80)	(398)	185
Net movement during the year	720	866	284	590
Change in accounting policy 28	—	(434)	—	(168)
Profit retained – 1 January	7 652	7 220	4 666	4 244
Profit retained – 31 December	8 372	7 652	4 950	4 666
Of which retained by:				
Parent companies	4 167	3 986	2 341	2 387
Other group companies	4 151	3 580	2 453	2 095
Associated companies	54	86	156	184
	8 372	7 652	4 950	4 666
Cumulative goodwill written off	(11 808)	(10 800)	(5 635)	(5 503)
20 Other reserves				
Adjustment on translation of PLC's ordinary capital at £1 = Fl. 12	—	—	(378)	(370)
Capital redemption reserve	—	—	31	33
Book value of N.V. shares or certificates held by group companies in connection with N.V. share options	(178)	(137)	—	—
	(178)	(137)	(347)	(337)

21 Acquisition and disposal of group companies

The net assets and results of acquired businesses are included in the consolidated accounts from their respective dates of acquisition. The following table sets out the effect of acquisitions of group companies in 1994 on the consolidated balance sheet.

Acquisitions	Balance sheets of acquired businesses	Revaluations and other adjustments	Fair values at date of acquisition
Intangible assets	253	(253)	—
Fixed assets	549	139	688
Current assets	1 617	11	1 628
Creditors	(1 481)	(67)	(1 548)
Provisions for liabilities and charges:			
Pensions and similar obligations	(28)	(30)	(58)
Deferred taxation	—	257	257
Restructuring ^(a)	—	(369)	(369)
Other provisions	(36)	6	(30)
Minority interests	(64)	(5)	(69)
Total net assets acquired	810	(311)	499

(a) Restructuring provisions of Fl. 369 million mainly relate to the acquisitions of Ortiz-Miko in France, Bertolli in Italy and Tomco in India, all of which were in progress at the end of 1993 and were referred to in the 1993 Annual Review and Annual Accounts, but completed in 1994.

Unilever Group

Notes to the consolidated accounts

	Fl. million			Fl. million	
	1994	1993		1994	1993
21 Acquisition and disposal of group companies <i>(continued)</i>			24 Contingent liabilities		
Acquisitions			Contingent liabilities are not expected to give rise to any material loss.		
Net assets acquired	(499)	(925)	They include:		
Goodwill written off	(1 127)	(749)	Guarantees	717	734
Consideration	(1 626)	(1 674)	Guarantees given by parent or group companies relating to liabilities included in the consolidated accounts are not included above.		
Less: non cash and deferred consideration	64	61	Other contingent liabilities, including litigation against companies in the Group and obligations under environmental legislation in various countries, are not considered to be material.		
Cash and cash equivalents of businesses acquired	(111)	(11)			
Movement in cash and cash equivalents	(1 673)	(1 624)			
Disposals			25 Commitments		
Net assets sold	220	98	Long term lease commitments under operating leases in respect of:		
Attributable goodwill	11	28	Land and buildings	3 286	2 956
Profit on sale	134	20	Other tangible fixed assets	726	662
Consideration	365	146		4 012	3 618
Deferred consideration	(50)	17	The commitments fall due as follows:		
Cash and cash equivalents of businesses sold	(17)	(31)	Within 1 year	682	644
Movement in cash and cash equivalents	298	132	After 1 year but within 5 years	1 745	1 634
			After 5 years	1 585	1 340
22 Net cash inflow from operating activities				4 012	3 618
Operating profit	7 012	5 397	Other commitments:		
Adjustments to reconcile operating profit to net cash flow from operating activities:			Under agreements at 31 December to acquire group companies	–	918
Depreciation	2 037	1 880	Other	479	272
Changes in working capital:				479	1 190
Stocks	(477)	(351)	Of which payable within one year	210	1 029
Debtors	(113)	(1 073)			
Creditors	250	795			
Pensions and similar provisions less payments	478	151			
Restructuring and other provisions less payments	(277)	908			
Other adjustments	175	236			
	9 085	7 943			
23 Analysis of changes in financing during the year					
Borrowings due after more than three months from date of advance:					
1 January	6 787	6 873			
Currency retranslation	(453)	169			
Acquisition/disposal of group companies	216	102			
Net cash inflow/(outflow)	527	(357)			
31 December	7 077	6 787			
Share capital and share premium:					
1 January	1 660	1 622			
Currency retranslation	(11)	9			
Cash inflow	41	29			
31 December	1 690	1 660			

Unilever Group

Notes to the consolidated accounts

26 Combined earnings per share

The calculations of combined earnings per share are based on the Unilever Group net profit attributable to ordinary capital divided by the average number of share units representing the combined ordinary capital of N.V. and PLC in issue during the year, after deducting the shares held by N.V. subsidiaries and the Unilever employee share trusts. For the calculation of combined ordinary capital the exchange rate of £1 = Fl. 12 has been used, in accordance with the Equalisation Agreement.

The calculations are:

	Thousands of Fl. 4 share units		Thousands of 5p share units	
	1994	1993	1994	1993
Average ordinary capital: N.V.	160 041	160 041	1 066 942	1 066 942
PLC	121 937	121 614	812 914	810 761
less: N.V. shares held by subsidiaries in connection with N.V. share options	(911)	(686)	(6 073)	(4 574)
PLC shares held by employee share trusts	(2 340)	(2 150)	(15 600)	(14 336)
Combined average number of share units	278 727	278 819	1 858 183	1 858 793
	Fl. million		£ million	
Net profit	4 339	3 612	1 559	1 296
less: Preference dividends	(15)	(15)	(5)	(5)
Net profit attributable to ordinary capital	4 324	3 597	1 554	1 291
Divided by the combined average number of share units =	Fl. 15.52	Fl. 12.90	83.59p	69.45p
On a SSAP 15 basis the calculations would be:				
Net profit attributable to ordinary capital	4 598	3 591	1 652	1 289
Divided by the combined average number of share units =	Fl. 16.50	Fl. 12.88	88.89p	69.35p

The effects on combined earnings per share of (a) full conversion into PLC ordinary shares of the shares in a group company which are convertible in the year 2038 as described in note 18 on page 15, and (b) the exercise of share options, details of which are set out in note 18 on page 16, are not material.

27 Pension schemes

In the majority of countries in which the Group operates, employees' retirement arrangements are provided by defined benefit schemes. These are either externally funded, with the assets of the scheme held separately from those of the Group in independently administered funds, or are unfunded but with provisions maintained in the Group balance sheet. All are subject to regular actuarial review. Actuarial advice is provided by both external consultants and actuaries employed by the Unilever Group.

Valuations are usually carried out using prospective benefit methods, the aims of which are to ensure that current and future charges remain a stable percentage of pensionable payroll. It is usually assumed that, over the long term, the annual rate of return on investments will be higher than the annual increase in pensionable remuneration and in present and future pensions in payment.

The market value of the assets of externally funded defined benefit schemes at 31 December 1994 was Fl. 19 015 million (1993: Fl. 21 458 million). The level of funding of all defined benefit schemes at the dates of the last valuations, in aggregate, was 122% (1993: 118%). The levels of funding represent the actuarial value of fund assets and the provisions held in the consolidated accounts at the dates of the most recent valuations expressed as a percentage of the aggregate benefits that had accrued to members at those dates, after allowing for expected future increases in pensionable remuneration and pensions in the course of payment.

Pension costs and company contributions to defined benefit schemes have been reduced in recent years by the amortisation of surpluses in some funds. This situation is expected to continue for a number of years, although there will be a gradual increase in costs and contributions as the level of surpluses declines.

The Group also operates a number of defined contribution schemes. The assets of all the Group's defined contribution schemes are held in independently administered funds. The pension costs charged to the profit and loss account represent contributions payable by the Group to the funds.

Unilever Group

Notes to the consolidated accounts

28 Post-retirement health benefits

Group companies provide post-retirement health care benefits to a number of retired employees in certain countries, principally the United States, under several different plans which are predominantly unfunded. In assessing the liability in respect of these benefits, advice is obtained from independent actuaries. The valuations assume that medical cost inflation will fall from current levels over the next few years.

Unilever changed its accounting policy on post-retirement health benefits in 1993 to an accruals basis. The effect of the change was a charge of Fl. 602 million, net of deferred tax relief of Fl. 350 million, to recognise the accrued obligation at 1 January 1993. This was dealt with as an adjustment to profit retained.

29 Financial instruments

As outlined in the Annual Review 1994, in the Financial Review section on page 28, there are comprehensive policies in place, approved by the directors, covering the use of straightforward derivative financial instruments. Such instruments are used solely for hedging purposes. The use of leveraged instruments is not permitted. The accounting policies governing these instruments are fully in line with generally accepted practice. Details of the instruments used in connection with interest rate and foreign exchange risk management, together with information on related exposures, are given below.

Under the interest rate management policy, interest rates are fixed on a proportion of debt and investments for periods up to 10 years. This is achieved by using fixed rate long term debt issues together with a range of derivative financial instruments such as interest rate swaps, cross currency swaps, forward rate agreements, swaptions, and interest rate caps and floors.

At the end of 1994 interest rates were fixed on approximately 70% of the projected debt for 1995, and 45% for 1996 (compared to 60% and 34% respectively at the end of 1993). Similarly, interest receivable was fixed on approximately 80% of projected funds for 1995 and 44% for 1996, broadly in line with 1993 levels. At the end of 1994 the nominal value of interest rate derivative instruments amounted to Fl. 29.2 billion (1993: Fl. 26.1 billion), of which Fl. 22.8 billion was in interest rate swaps. These nominal values are relatively high in relation to total debt and investments because certain financial instruments have consecutive strike and maturity dates on the same underlying debt in different periods. In addition, derivatives are used to swap fixed interest long term debt into floating rate debt. Whilst the nominal amounts reflect the volume of activity, they do not therefore properly reflect the considerably lower amounts of credit and market risks to which the Group is exposed. The market value of these interest rate instruments at the end of 1994 represented an unrealised gain of Fl. 301 million (1993: Fl. 480 million).

Under the foreign exchange policy, exposures with a maximum of one year maturity are generally hedged; this is achieved through the use of forward foreign exchange contracts and, to a limited extent, foreign currency options. At the end of 1994 the nominal value of forward contracts for the sale and purchase of foreign currency amounted to Fl. 20.6 billion (1993: Fl. 16.7 billion). The market value of these instruments at the end of 1994 represented an unrealised gain of Fl. 74 million (1993: Fl. 86 million loss).

Unilever Group

Notes to the consolidated accounts

30 Summarised accounts of the N.V. and PLC parts of the Group

The following summarised accounts present the profit and loss account and balance sheet of the Unilever Group analysed between the N.V. and PLC parts of the Group according to respective ownership.

Fl. million

	N.V.		PLC	
	1994	1993	1994	1993
Profit and loss account				
<i>for the year ended 31 December</i>				
Turnover	58 230	54 112	24 360	23 514
Operating profit	4 777	3 503	2 235	1 894
Income from fixed investments	66	73	108	106
Non-operating exceptional items	38	228	—	17
Interest	(452)	(284)	(138)	(170)
Profit on ordinary activities before taxation	4 429	3 520	2 205	1 847
Taxation on profit on ordinary activities	(1 454)	(985)	(668)	(631)
Profit on ordinary activities after taxation	2 975	2 535	1 537	1 216
Minority interests	(47)	(50)	(126)	(89)
Net profit	2 928	2 485	1 411	1 127
Balance sheet				
<i>as at 31 December</i>				
Fixed assets	15 691	15 213	6 983	7 329
Current assets				
Stocks	6 606	6 259	3 562	3 642
Debtors	9 073	8 836	3 351	3 418
Cash and current investments	2 823	2 019	1 220	1 345
	18 502	17 114	8 133	8 405
Creditors due within one year				
Borrowings	(2 363)	(2 779)	(547)	(1 037)
Trade and other creditors	(11 454)	(11 700)	(4 787)	(5 085)
Net current assets	4 685	2 635	2 799	2 283
Total assets less current liabilities	20 376	17 848	9 782	9 612
Creditors due after more than one year				
Borrowings	4 412	2 977	1 198	1 253
Trade and other creditors	804	621	253	161
Provisions for liabilities and charges	6 331	6 182	1 890	2 052
Intra-group – N.V./PLC	(591)	(644)	591	644
Minority interests	269	240	514	470
Capital and reserves	9 151	8 472	5 336	5 032
Total capital employed	20 376	17 848	9 782	9 612

Unilever Group

Principal group companies and fixed investments as at 31 December 1994

The companies listed below and on pages 23 and 24 are those which in the opinion of the directors principally affect the amount of profit and assets shown in the Unilever Group accounts. The directors consider that those companies not listed are not significant in relation to Unilever as a whole.

Full information as required by Articles 379 and 414 of Book 2, Civil Code, in the Netherlands has been filed by N.V. with the Commercial Registry in Rotterdam.

Particulars of PLC group companies and other significant holdings as required by the United Kingdom Companies Act 1985 will be annexed to the next Annual Return of PLC.

The main activities of the companies listed below are indicated according to the following key:

Holding companies	H
Foods	F
Detergents	D
Personal Products	P
Speciality Chemicals	C
Other Operations	O

Unless otherwise indicated the companies are incorporated and principally operate in the countries under which they are shown.

The letters N.V. or PLC after the name of each country indicate whether in the country concerned the shares in the companies listed are held directly or indirectly by N.V. or by PLC.

The percentage of equity capital directly or indirectly held by N.V. or PLC is mentioned in the margin, except where it is 100%. All percentages are rounded down to the nearest whole number.

Principal group companies

%	Europe	
	Austria – N.V.	
	Eskimo-Iglo Ges.m.b.H.	F
	Österreichische Unilever Ges.m.b.H.	FDP
	Unifrost Ges.m.b.H.	F
	Belgium – N.V.	
	Unilever Belgium N.V.	FDPO
	Czech Republic – N.V.	
	Unilever ČSFR spol. sr. o.	FDP
	Denmark – N.V.	
	Unilever Danmark A/S	FDP
	Finland – N.V.	
	Suomen Unilever Oy	FDP
	France – N.V.	
99	Astra-Calvé S.A.	F
99	Boursin S.A.	F
99	CNF S.A.	O
99	Cogesal S.A.	F
99	Elida-Gibbs Fabergé S.A.	P
99	Française d'Alimentation et de Boissons S.A.	F
99	Frigedoc S.A.	F
99	Lever S.A.	D
99	Ortiz-Miko S.A.	F
99	Unilever France S.A.	H

%	Europe	(continued)
	Germany – N.V.	
	Deutsche Unilever GmbH	H
	Elida-Gibbs GmbH	P
	Fritz Homann Lebensmittelwerke GmbH & Co. KG	F
	Langnese-Iglo GmbH	F
	Lever GmbH	D
	Lever Sutter GmbH	D
	Meistermarken-Werke GmbH,	
	Spezialfabrik für Back- und Grossküchenbedarf	F
	National Starch and Chemical GmbH	C
	'Nordsee' Deutsche Hochseefischerei GmbH	F
	'Unichema' Chemie GmbH	C
	Union Deutsche Lebensmittelwerke GmbH	F
	Greece – N.V.	
51	'Elais' Oleaginous Products A.E.	F
	Lever Hellas A.E.B.E.	FDP
	Hungary – N.V.	
	Unilever Magyarország Beruházási Kft	FP
80	Unilever Magyarország Élelmiszer-és Mosószergyártó Rt	FD
	Ireland – PLC	
	Elida Lever Ireland Ltd.	DP
	Quest International Ireland Ltd.	C
	Van den Bergh Foods Ltd.	F
	W. & C. McDonnell Ltd.	F
	Italy – N.V.	
	Unil-It S.p.A.	FDPC
	The Netherlands – N.V.	
	Crosfield B.V.	C
	Elida Andrélon B.V.	P
	Iglo-Ola B.V.	F
	Im. van den Berg B.V.	F
	Lever Nederland B.V.	D
	Lever Otarès B.V.	D
	Loders Croklaan B.V.	F
	Molco Wijchen B.V.	F
	National Starch & Chemical B.V.	C
	Nederlandse Unilever Bedrijven B.V.	H
	Quest International Nederland B.V.	C
	Unichema Chemie B.V.	C
*	Unilever N.V.	H
	Unilever Export B.V.	O
	UniMills B.V.	F
	UVG Nederland B.V.	F
	Van den Bergh en Jurgens B.V.	F
	Vinamul B.V.	C
	Poland – N.V.	
	Algida-Iglo Polska Sp. z o.o.	F
99	Lever Polska S.A.	DP
	SZPT-Van den Bergh Foods Sp. z o.o.	F
	Portugal – N.V.	
74	Iglo Indústrias de Gelados, Lda.	F
60	Indústrias Lever Portuguesa, Lda.	DP
	Slovakia – N.V.	
	Unilever Slovensko spol. sr. o.	FDP

* See 'Basis of consolidation' on page 2.

Unilever Group

Principal group companies and fixed investments as at 31 December 1994

Principal group companies

% Rest of the World (continued)		
Indonesia – N.V.		
85	P.T. Unilever Indonesia	FDPC
Japan – N.V.		
95	Kanebo-NSC	C
	Nippon Lever B.V. (incorporated in the Netherlands)	FP
Japan – PLC		
	Lever Brothers Ltd. (incorporated in the United Kingdom)	D
Kenya – PLC		
88	Brooke Bond Kenya Ltd.	O
61	East Africa Industries Ltd.	FDPC
61	Elida-Pond's Kenya Ltd. Gailey & Roberts Ltd.	P O
Korea – N.V.		
50	Haepyo-Unilever Co. Ltd. Unilever Korea	F DP
Malawi – PLC		
	Lever Brothers (Malawi) Ltd.	FDPC
Malaysia – PLC		
70	Unilever (Malaysia) Holdings Sdn. Bhd. Pamol Plantations Sdn. Bhd.	FDPC O
Mexico – N.V.		
97	Anderson Clayton & Co. S.A. Pond's de Mexico S.A. de C.V.	FO P
Morocco – PLC		
	Lever Maroc S.A.	DP
Netherlands Antilles – N.V.		
	Unilever Becumij N.V.	O
New Zealand – PLC		
	Unilever New Zealand Ltd.	FDPC
Niger – PLC		
59	Société de Produits Chimiques de Niger S.A.	D
Nigeria – PLC		
	Unilever Nigeria Ltd.	P
Pakistan – PLC		
69	Lever Brothers Pakistan Ltd.	FDP
Philippines – N.V.		
	Unilever Philippines (PRC), Inc.	FDPC
Saudi Arabia – PLC		
49	Binzagr Lever Ltd.	P
49	Binzagr Lipton Ltd.	F
49	Binzagr Wall's Ltd.	F
49	Lever Arabia Ltd.	D
Singapore – PLC		
	Unilever Singapore Private Ltd.	FDP
South Africa – PLC		
	Unilever South Africa (Pty.) Ltd.	FDPC
Sri Lanka – PLC		
	Unilever Ceylon Ltd.	FDPO
Taiwan – N.V.		
	Mavibel Taiwan Ltd.	DP
Tanzania – PLC		
	Brooke Bond Tanzania Ltd. UAC of Tanzania Ltd.	O O

% Rest of the World (continued)		
Tchad – PLC		
78	Brasseries du Logone S.A.	O
Thailand – N.V.		
	Lever Brothers (Thailand) Ltd.	FDPC
Trinidad – PLC		
50	Lever Brothers West Indies Ltd.	FDPC
Uganda – PLC		
	Gailey & Roberts (Uganda) Ltd.	O
Uruguay – N.V.		
	Sudy Lever S.A.	D
Venezuela – N.V.		
	Unilever Andina S.A.	FDPC
Zaire – N.V.		
	Compagnie des Margarines, Savons et Cosmétiques au Zaïre s.a.r.l.	FDPC
76	Plantations Lever au Zaïre s.a.r.l.	O
Zimbabwe – PLC		
	Lever Brothers (Private) Ltd.	FDPC

Principal fixed investments

Associated companies

% Europe		
France – N.V.		
50	Société Yoghourts et Glaces	F
The Netherlands – N.V.		
49	Mora B.V.	F
Portugal – N.V.		
40	FIMA – Produtos Alimentares, Lda.	F
40	Victor Guedes – Indústria e Comércio S.A.	F
% North America		
United States of America – N.V. (75%); PLC (25%)		
50	The Pepsi/Lipton Tea Partnership	F
% Rest of the World		
China – PLC		
50	Shanghai Pond's Co. Ltd.	P
50	Shanghai Van den Bergh Co. Ltd.	F
El Salvador – N.V.		
50	Industrias Unisola S.A.	FDP
Nigeria – PLC		
40	Lever Brothers Nigeria PLC	FDPC
14	Nigerian Breweries PLC	O
40	Tractor and Equipment (Nigeria) Ltd.	O

Unilever N.V.
Company accounts

	Fl. million	
	1994	1993
Balance sheet		
<i>as at 31 December</i>		
Fixed assets		
Fixed investments	2 093	2 134
Current assets		
Debtors	13 298	10 383
Cash at bank and in hand	340	337
	13 638	10 720
Creditors due within one year	(8 066)	(6 537)
Net current assets	5 572	4 183
Total assets less current liabilities	7 665	6 317
Creditors due after more than one year	2 433	1 214
Provisions for liabilities and charges	285	296
Capital and reserves	4 947	4 807
Called up share capital:		
Preferential share capital 18	265	265
Ordinary share capital 18	642	642
	907	907
Share premium account	52	52
Profit retained and other reserves	3 988	3 848
Total capital employed	7 665	6 317
Profit and loss account		
<i>for the year ended 31 December</i>		
Income from fixed investments after taxation	1 003	1 008
Other income and expense	184	120
Profit of the year	1 187	1 128

Pages 5 to 24 and 26 contain the notes to the N.V. company accounts. For the information required by Article 392 of Book 2, Civil Code, refer to pages 4 and 27.

As the accounts of N.V. have been included in the consolidated accounts, the profit and loss account mentions only income from fixed investments after taxation as a separate item. The balance sheet includes the proposed profit appropriation.

The Board of Directors

20 March 1995

Unilever N.V.

Notes to the company accounts

	Fl. million	
	1994	1993
Fixed investments		
Shares in group companies	2 093	2 134
Shares in group companies are stated at cost in accordance with international accounting practice in various countries, in particular the United Kingdom. The cost of N.V. shares purchased and held by subsidiaries has been deducted from this heading.		
Movements during the year:		
1 January	2 134	
N.V. shares held by subsidiaries	(41)	
31 December	2 093	
Debtors		
Loans to group companies	5 966	4 988
Other amounts owed by group companies	7 278	5 327
Other	54	68
	13 298	10 383
Of which due after more than one year	1 826	492
Cash at bank and in hand		
includes amounts for which repayment notice is required of	47	213
Creditors		
Due within one year:		
Bank loans and overdrafts	5	31
Bonds and other loans 13	804	443
Loans from group companies	1 087	1 756
Other amounts owed to group companies	5 211	3 463
Taxation and social security	58	60
Accruals and deferred income	132	74
Dividends	755	709
Other	14	1
	8 066	6 537
Due after more than one year:		
Bonds and other loans 13	2 433	1 214
These include amounts due after more than five years:		
Bonds and other loans	1 763	500

References relate to a note on page 13.

	Fl. million	
	1994	1993
Provisions for liabilities and charges		
Pension provisions	280	279
Deferred taxation and other provisions	5	17
	285	296
Of which due within one year	15	20

Ordinary share capital

Shares numbered 1 to 2 400 are held by a subsidiary of N.V. and a subsidiary of PLC. Additionally, 965 931 Fl. 4 ordinary shares are held by other subsidiaries of N.V. Full details are given in note 18 on pages 15 and 16.

Share premium account

For the application of Article 44 of the Income Tax Act 1964 only a small part, if any, of the premium shown in the balance sheet is available for issue of tax free bonus shares.

Profit retained and other reserves

Profit retained 31 December	4 167	3 986
Cost of N.V. shares purchased and held by subsidiaries	(179)	(138)
Balance 31 December	3 988	3 848

Profit retained and profit of the year shown in the company accounts and the notes thereto are less than the amounts shown in the consolidated balance sheet and profit and loss account, mainly because only part of the profits of group companies is distributed in the form of dividends.

Contingent liabilities

These are not expected to give rise to any material loss and include guarantees given for group and other companies, under which amounts outstanding at 31 December were:

Group companies	3 518	4 126
Other	59	68
	3 577	4 194
Of the above, guaranteed also by PLC	1 689	2 398

Unilever N.V.**Further statutory information****The rules for profit appropriation in the Articles of Association** *(summary of Article 41)*

The profit of the year is applied firstly to the reserves required by law or by the Equalisation Agreement, secondly to cover losses of previous years, if any, and thirdly to the reserves deemed necessary by the Board of Directors. Dividends due to the holders of the Cumulative Preference Shares, including any arrears in such dividends, are then paid; if the profit is insufficient for this purpose, the amount available is distributed to them in proportion to the dividend percentages of their shares. Any profit remaining thereafter is at the disposal of the General Meeting. Distributions from this remaining profit are made to the holders of the ordinary shares pro rata to the nominal amounts of their holdings.

	Fl. million	
	1994	1993
Proposed profit appropriation		
Profit of the year	1 187	1 128
Preference dividends	(15)	(15)
Profit at disposal of the Annual General Meeting of shareholders	1 172	1 113
Ordinary dividends	(991)	(941)
Profit of the year retained	181	172
Profit retained – 1 January	3 986	3 814
Profit retained – 31 December	4 167	3 986

Special controlling rights under the Articles of Association

See note 18 on page 15.

Auditors

A resolution will be proposed at the Annual General Meeting on 3 May 1995 for the reappointment of Coopers & Lybrand as auditors of N.V. The present appointment will end at the conclusion of the Annual General Meeting.

J.W.B. Westerburgen
S.G. Williams

Joint Secretaries of Unilever N.V.
20 March 1995

Corporate Centre
Unilever N.V.
Weena 455
PO Box 760
3000 DK Rotterdam

Unilever PLC

Company accounts

	£ million	
	1994	1993
Balance sheet		
<i>as at 31 December</i>		
Fixed assets		
Fixed investments	1 190	1 182
Current assets		
Debtors due after more than one year	63	665
Debtors due within one year	857	244
	920	909
Creditors due within one year	(968)	(994)
Net current liabilities	(48)	(85)
Total assets less current liabilities	1 142	1 097
Creditors due after more than one year	138	138
Capital and reserves	1 004	959
Called up share capital 18	41	41
Share premium account	90	75
Profit retained	862	832
Capital redemption reserve 20	11	11
Total capital employed	1 142	1 097

All amounts included in capital and reserves are classified as equity as defined under United Kingdom Financial Reporting Standard 4.

As permitted by Section 230 of the United Kingdom Companies Act 1985, PLC's profit and loss account does not accompany its balance sheet.

On behalf of the Board of Directors

Sir Michael Perry *Chairman*

M. Tabaksblat *Vice-Chairman*

20 March 1995

Unilever PLC

Notes to the company accounts

	£ million	
	1994	1993
Fixed investments		
Shares in group companies	1 190	1 175
Other unlisted fixed investments at cost	—	7
	<u>1 190</u>	<u>1 182</u>

Shares in group companies

Shares in group companies are stated at directors' valuation made on the rearrangement of the Unilever Group in 1937, with bonus shares at par and other additions at cost or valuation, less amounts written off.

Movements during the year:

1 January	1 175	
Additions	125	
Disposals	(110)	
31 December	<u>1 190</u>	

Debtors

Due after more than one year:

Amounts owed by group companies	22	627
Advance Corporation Tax	41	38
	<u>63</u>	<u>665</u>

Due within one year:

Amounts owed by group companies	840	219
Other	17	25
	<u>857</u>	<u>244</u>

Total debtors

920 909

The Advance Corporation Tax borne by the parent company will be surrendered and set off against liabilities of group companies where appropriate. The total of £41 million is recoverable against liabilities for 1995 and later years.

Creditors

Due within one year:

Amounts owed to group companies	745	655
Bonds and other loans 13	—	101
Taxation and social security	54	77
Dividends	162	151
Other	7	10
	<u>968</u>	<u>994</u>

Due after more than one year:

Bonds and other loans 13	138	138
--------------------------	-----	-----

References relate to a note on page 13.

	£ million	
	1994	1993
Profit retained		
1 January	832	797
Goodwill written off	—	(4)
Profit of the year	244	239
Dividends on ordinary and deferred shares	(214)	(200)
31 December	<u>862</u>	<u>832</u>

Contingent liabilities

These are not expected to give rise to any material loss and include guarantees given for group and other companies, under which amounts outstanding at 31 December were:

Group companies	717	912
Other	115	103
	<u>832</u>	<u>1 015</u>

Of the above, guaranteed also by N.V.

622 835

Unilever PLC

Notes to the company accounts

Emoluments of directors (continued)

The amounts shown in the table below relate to payments by both PLC and N.V. and their group companies to those directors who served mainly in the United Kingdom. The table shows the number of those directors (including the Chairman, Sir Michael Perry) whose emoluments excluding pension contributions fell within the bands stated.

	1994	1993
£260 001 – £265 000	–	1
£300 001 – £305 000	–	1
£320 001 – £325 000	1	–
£345 001 – £350 000	–	1
£365 001 – £370 000	1	–
£375 001 – £380 000	–	1
£380 001 – £385 000	–	1
£395 001 – £400 000	–	1
£410 001 – £415 000	1	–
£460 001 – £465 000	1	–
£470 001 – £475 000	–	1
£495 001 – £500 000	1	–
£555 001 – £560 000	1	–
£660 001 – £665 000	–	1
£665 001 – £670 000	1	–
£795 001 – £800 000	–	1
£815 001 – £820 000	1	–
£860 001 – £865 000	1	–

Directors' interests: Share capital

The Register of directors' interests in the share capital of PLC and its subsidiaries will be open for inspection at the Annual General Meeting. According to the Register, the only interests of those who were directors at the end of 1994 and of their families were as shown in the tables below.

	1 January	31 December
PLC (ordinary shares)		
Sir Michael Perry	21 599	23 392
(a) 43 908 210	43 908 210	43 908 210
J.I.W. Anderson	–	2 130
N.W.A. FitzGerald	–	10 622
C.M. Jemmett	2 130	67 696
A. Kemner	–	2 130
O.O.H. Müller	–	1 190
J. Peelen	–	2 130
Hindustan Lever Limited (ordinary shares)		
A.S. Ganguly	4 450	4 450
Brooke Bond Lipton India Limited (ordinary shares)		
A.S. Ganguly	–	1 504
Lipton India Limited (ordinary shares)		
A.S. Ganguly	836	–
Stepan Chemicals Limited (ordinary shares)		
A.S. Ganguly	50	50
Margarine Union (1930) Limited (shares)		
Sir Michael Perry (a)	600	600

(a) Held jointly as trustee with no beneficial interest.

Directors' interests: Share capital (continued)

The directors, in common with all employees of PLC and its United Kingdom subsidiaries, have a beneficial interest in the undermentioned PLC ordinary shares of 5p each acquired by the Unilever Employee Share Trust for the purpose of satisfying options granted from 1990 onwards under the PLC 1985 Executive Share Option and Sharesave Schemes.

	1 January	31 December
All directors	14 463 461	15 495 553

The only changes in the interests of the directors and of their families in PLC ordinary shares of 5p each between 31 December 1994 and the signing of the Report and Accounts were that:

- (i) the holding of the Unilever Employee Share Trust has been reduced to 15 303 825 shares;
- (ii) Mr R.D. Brown acquired 710 shares on the exercise of options;
- (iii) Mr J. Peelen sold 870 shares;
- (iv) Mr H. Eggerstedt acquired 2 130 shares on the exercise of options;
- (v) Mr C.M. Jemmett sold 750 shares.

Directors' interests: Share options

Directors are generally entitled to share options on the same basis as other employees. The principal schemes in which they participate are the PLC 1985 Executive Share Option Schemes, the N.V. Executive Share Option Scheme and the PLC 1985 Sharesave Scheme.

The PLC 1985 Sharesave Scheme is open to all employees who work a minimum number of hours in the United Kingdom.

Both the PLC and N.V. Executive Share Option Schemes are applicable to senior managers throughout the business. Currently some 250 executives worldwide participate in the schemes. Because directors are paid partly by PLC and partly by N.V. some participate in both schemes, but are subject to similar aggregate limits as apply to other employees.

Options are only granted if the Remuneration Committee is satisfied that there has been a sufficient improvement in the performance of the Group over the two to three years preceding the grant. The grant of options to an individual executive on the first and each subsequent occasion is discretionary. It is dependent on the Special Committee being satisfied that the grant is merited by the individual in the light of personal performance and potential for future contribution to the business.

Options are phased in over a three year period. The number of options depends on seniority. The maximum aggregate value of the exercise prices of options that can be held at any one time is four times appropriate salary. Options are granted at full market value and can, effectively, not be exercised for three years from grant.

Unilever PLC
Notes to the company accounts
Further statutory information and other information

Directors' interests: Share options (continued)

Options to acquire PLC ordinary shares of 5p each were granted, exercised and held during 1994 as follows:

		1 January	Granted	Exercised	31 December	Weighted Average Exercise Price of Options at 31 December
						pence
Sir Michael Perry	(a)	151 303	28 486 (1)	51 285 (2)	128 504	914
	(b)	3 047		710 (3)	2 337	638
M. Tabaksblat	(b)	3 098		710 (3)	2 388	615
J.L.W. Anderson	(a)	88 280		28 370 (4)	59 910	875
	(b)	3 163		2 130 (3)	1 033	726
R.D. Brown	(a)	60 232	8 867 (5)		69 099	868
	(b)	2 776			2 776	670
A. Burgmans	(b)	2 959			2 959	634
A.C. Butler	(a)	62 513			62 513	907
	(b)	2 582			2 582	726
H. Eggerstedt	(b)	3 163			3 163	579
N.W.A. FitzGerald	(a)	101 749	64 060 (6)	68 941 (7)	96 868	1 037
	(b)	3 098		710 (3)	2 388	615
A.S. Ganguly	(a)	101 201	42 945 (1)	73 195 (8)	70 951	994
	(b)	3 066			3 066	597
C.M. Jemmett	(a)	150 599	27 339 (9)	67 986 (10)	109 952	758
	(b)	3 098		710 (3)	2 388	615
A. Kemner	(b)	2 130		2 130 (3)	—	—
O.O.H. Müller	(b)	3 163		2 130 (3)	1 033	726
J. Peelen	(b)	2 885		2 130 (11)	755	913

Notes:

(a) PLC 1985 Executive Share Option Schemes

(b) PLC 1985 Sharesave Scheme

All PLC share options are exercisable at a range of dates between 1995 and 2004. No PLC options lapsed unexercised during the year. The market price of the PLC ordinary shares at the end of the year was 1 158p and the range during the year was between 959p and 1 237p. There were no PLC share options for which the exercise price exceeded the market price of the shares as at 31 December 1994.

PLC's Register of Directors' Interests, which is open to inspection by shareholders, contains full details of directors' PLC shareholdings and options.

(1) Exercise price: 1 130p

(2) Exercise prices: 12 294 at 537p; 15 498 at 646p; 23 493 at 663p; market price at date of exercise of all options: 1 082p

(3) Exercise price: 507p; market price at date of exercise: 1 112p

(4) Exercise prices: 9 264 at 646p; 19 106 at 735p; market price at date of exercise of both options: 1 002p

(5) Exercise price: 1 015p

(6) Exercise prices: 23 080 at 1 130p; 14 778 at 1 015p; 26 202 at 1 132p

(7) Exercise prices: 24 753 at 640p; 23 449 at 663p; market price at date of exercise of both options: 1 106p

Exercise price: 20 739 at 730p; market price at date of exercise: 1 091p

(8) Exercise price: 663p; market price at date of exercise: 1 082p

(9) Exercise prices: 17 120 at 1 130p; 10 219 at 1 015p

(10) Exercise prices: 32 315 at 290p; 24 170 at 507p; 11 501 at 482p; market price at date of exercise of all options: 1 082p

(11) Exercise price: 507p; market price at date of exercise: 1 158p

Unilever PLC**Notes to the company accounts****Further statutory information and other information****Directors' interests: Share options** (continued)

Options to acquire N.V. Ordinary shares of Fl. 4 each under the N.V. Executive Share Option Scheme were held as follows:

	1 January	31 December
Sir Michael Perry	6 161	6 161
M. Tabaksblat	22 744	27 432
J.I.W. Anderson	6 194	9 027
R.D. Brown	3 221	3 670
A. Burgmans	13 269	14 832
A.C. Butler	2 240	3 436
H. Eggerstedt	25 252	25 252
N.W.A. FitzGerald	1 960	4 738
A.S. Ganguly	2 240	3 436
C.M. Jemmett	1 961	4 066
A. Kemner	15 738	12 386
O.O.H. Müller	21 432	21 143
J. Peelen	15 799	15 269

The exercise of all options under the N.V. Executive Share Option Scheme has always been satisfied by the transfer of shares purchased in the market at the time of grant and held until exercise. The same practice has been adopted in respect of the PLC 1985 Sharesave and Executive Share Option Schemes for grants made from 1990 onwards.

Directors' interests: Contracts

There has not been any contract of significance with PLC or any group company during the year in which a director of PLC had a material interest.

Interests in land

The majority of Unilever's land and buildings are used for the productive and distributive activities of the Group and are not held for resale. The directors take the view that any difference between their market value and the amount at which they are included in the balance sheet is not of such significance as to require that attention be drawn to it, as would be required by Schedule 7 (Part I) of the United Kingdom Companies Act 1985.

Non-audit services

Fees payable to the United Kingdom auditors for the provision of non-audit services were £1 million (1993: £1 million).

Charitable and other contributions

During the year group companies made financial contributions of £2 million to United Kingdom charitable organisations and assisted them with a further £3 million of support in other forms. No contribution was made for political purposes.

Income and Corporation Taxes Act 1988

The close company provisions of the United Kingdom Income and Corporation Taxes Act 1988 do not apply to PLC. There has been no change in this respect since the end of the financial year.

Employee involvement and disabled persons

Unilever companies in the United Kingdom continue to be committed to good communications with their employees and progress has continued during the year in developing systems of involvement suitable to their particular needs. These are constructively supported by a variety of changes which are being introduced by the companies as they gradually implement their commitment to becoming learning organisations. The directors' reports of United Kingdom group companies to which the legal requirements apply contain more details about how they have communicated with their employees during 1994.

Such companies are also required to describe the policy which has been applied during the year in respect of disabled persons. Their directors' reports contain statements describing the positive approach of group companies to the employment, and continued employment, of disabled persons. These policies are regularly reviewed.

Profit appropriation

The proposed appropriation of the profit of PLC is as follows:

	£ million	
	1994	1993
Interim and recommended final dividends	214	200
Profit of the year retained	30	39

Capital and membership

At 31 December 1994 PLC had 110 933 ordinary shareholdings.

The following table analyses the registered holdings of PLC's 5p ordinary shares at 31 December 1994.

	Number of shares	Number of holdings	%	Total shares held	%
1 – 1 000	71 746	64.68	35 525 904	4.36	
1 001 – 2 500	24 035	21.67	39 510 901	4.85	
2 501 – 5 000	8 843	7.97	31 715 852	3.89	
5 001 – 10 000	3 285	2.96	23 242 448	2.86	
10 001 – 25 000	1 441	1.30	22 421 506	2.75	
25 001 – 50 000	512	0.46	18 654 702	2.29	
50 001 – 100 000	363	0.33	26 541 918	3.26	
100 001 – 1 000 000	596	0.53	175 560 842	21.56	
Over 1 000 000	112	0.10	441 306 234	54.18	
	110 933	100.00	814 480 307	100.00	

Unilever PLC

Further statutory information and other information

Substantial interests in the share capital of PLC

The Register maintained by PLC pursuant to Section 211 of the Companies Act 1985 shows that at the date of signing the Report and Accounts 43 908 210 ordinary shares in PLC, representing approximately 5 per cent of the issued ordinary capital, were held jointly by Sir Kenneth Durham, The Rt. Hon. the Viscount Leverhulme, Sir Michael Angus, Mr C.F. Sedcole and Sir Michael Perry as trustees of the Leverhulme Trust and the Leverhulme Trade Charities Trust.

The Register also shows the following interests in PLC's Ordinary and Deferred capital on that date:

Holder	Class	Approximate % held
Prudential Corporation plc	Ordinary	5
N.V. Elma	Deferred	50
United Holdings Limited	Deferred	50

Corporate governance

PLC is required, as a company that is incorporated in the United Kingdom and listed on the London Stock Exchange, to state whether or not it has complied during 1994 with the Code of Best Practice ('the Code') published in 1992 by the Committee on the Financial Aspects of Corporate Governance. PLC complies, except as stated below.

A vital factor in the arrangements between N.V. and PLC is their having the same directors. As the concept of the non-executive director, as recognised in the United Kingdom, is not a feature of corporate governance in the Netherlands, and the Supervisory Board, as recognised in the Netherlands, is unknown in the United Kingdom, it is not practicable to appoint non-executive directors who could serve on both Boards. The Articles of Association of PLC make provision for the appointment of Advisory Directors who perform many of the functions of non-executive directors. Details of the Advisory Directors, their role and the arrangements for their appointment are given on page 32 of the Annual Review.

Corporate governance (continued)

In order to bring its procedures into line with the Code, the company, prior to the 1994 Annual General Meeting:

- (i) established a procedure to enable directors to take independent professional advice if necessary; and
- (ii) confirmed that the removal of a Company Secretary is a matter for the Board as a whole.

The auditors of PLC have reported to the company that in their opinion the directors' comments on internal financial control and going concern set out on page 3 provide the disclosures required by paragraphs 4.5 and 4.6 of the Code (as supplemented by the related guidance) and are not inconsistent with the information of which they are aware from their audit work on the accounts, and the above statement appropriately reflects the company's compliance with the other paragraphs of the Code specified by the London Stock Exchange for their review. The auditors have not carried out the additional work necessary to, and do not, express any opinion on the effectiveness of either the Group's system of internal financial control or its corporate governance procedures, nor on the ability of the Group to continue in operational existence.

Auditors

A resolution will be proposed at the Annual General Meeting on 3 May 1995 for the reappointment of Coopers & Lybrand as auditors of PLC. The present appointment will end at the conclusion of the Annual General Meeting.

unilever

Corporate Centre

Unilever PLC
PO Box 68 Unilever House
Blackfriars
London EC4P 4BQ

Unilever PLC Registered Office
Port Sunlight Wirral Merseyside L62 4ZA

By Order of the Board

J.W.B. Westerburgen
S.G. Williams

Joint Secretaries of Unilever PLC
20 March 1995

Unilever PLC Registrars
Barclays Registrars
Bourne House
34 Beckenham Road
Beckenham
Kent BR3 4TU

Unilever Group
Five year record
Consolidated profit and loss account and balance sheet

Fl. million	1990	1991	1992	1993	1994
Consolidated profit and loss account					
Turnover	73 658	76 438	76 570	77 626	82 590
Operating profit	6 457	6 593	6 576	5 397	7 012
Operating profit before exceptional items	6 559	6 735	6 809	6 763	7 185
Exceptional items	(102)	(142)	(233)	(1 366)	(173)
Income from fixed investments	191	232	171	179	174
Non-operating exceptional items ^(a)	(803)	76	—	245	38
Interest	(1 092)	(942)	(488)	(454)	(590)
Profit on ordinary activities before taxation	4 753	5 959	6 259	5 367	6 634
Profit on ordinary activities after taxation	3 128	3 962	4 133	3 751	4 512
Net profit	2 975	3 806	4 002	3 612	4 339
Combined earnings per share ^(b)					
Guilders per Fl. 4 of ordinary capital	10.60	13.57	14.29	12.90	15.52
Pence per 5p of ordinary capital	49.04	61.67	69.14	69.45	83.59
Ordinary dividends					
N.V. – Guilders per Fl. 4 of ordinary capital	5.27	5.56	5.78	5.88	6.19
PLC – Pence per 5p of ordinary capital	18.16	18.94	21.33	25.03	26.81
Consolidated balance sheet					
Fixed assets	18 730	19 780	20 300	22 542	22 674
Stocks	9 706	9 261	9 178	9 901	10 168
Debtors	10 652	11 270	10 770	12 254	12 424
Trade and other creditors	(15 185)	(15 952)	(16 207)	(17 567)	(17 298)
	23 903	24 359	24 041	27 130	27 968
Net debt ^(c)	7 003	5 631	4 169	4 682	4 477
Provisions for liabilities and charges	6 973	7 023	6 703	8 234	8 221
Minority interests	554	540	519	710	783
Capital and reserves	9 373	11 165	12 650	13 504	14 487
	23 903	24 359	24 041	27 130	27 968

(a) Non-operating exceptional items in 1990 included a charge of Fl. 990 million to realign the Group's activities in Europe as a result of the legislation leading to the Single European Market.

In 1991, non-operating exceptional items included a profit of Fl. 327 million on the disposal of the 4P Group, which represented Unilever's exit from packaging, and a charge of Fl. 251 million on withdrawal from those agribusiness activities which did not support the Group's core businesses.

(b) For the basis of the calculations of combined earnings per share see note 26 on page 19.

(c) Net debt comprises borrowings less cash and current investments.

Unilever Group
Five year record
Consolidated cash flow statement and other financial data

Fl. million	1990	1991	1992	1993	1994
Consolidated cash flow statement					
Net cash inflow from operating activities	7 763	9 270	8 334	7 943	9 085
Dividends from fixed investments	81	105	89	59	63
Interest paid less received	(1 130)	(1 073)	(634)	(525)	(563)
Dividends paid	(1 326)	(1 454)	(1 468)	(1 548)	(1 653)
Net cash outflow from returns on investments and servicing of finance	(2 375)	(2 422)	(2 013)	(2 014)	(2 153)
Taxation	(1 620)	(1 830)	(1 785)	(1 482)	(2 317)
Capital expenditure less disposals	(3 130)	(3 246)	(3 114)	(3 421)	(3 651)
Acquisition and disposal of group companies	(911)	(411)	353	(1 492)	(1 375)
Other	(239)	(360)	(121)	(155)	62
Net cash outflow from investing activities	(4 280)	(4 017)	(2 882)	(5 068)	(4 964)
Net cash inflow/(outflow) before financing	(512)	1 001	1 654	(621)	(349)
Net cash inflow/(outflow) from financing	1 218	(430)	(649)	(243)	615
Increase/(decrease) in cash and cash equivalents	706	571	1 005	(864)	266
Key ratios ^(a)					
Return on shareholders' equity (%)	32.2	36.3	32.3	27.8	31.2
Return on capital employed (%)	14.7	16.4	16.8	15.7	16.7
Operating margin (%)	8.8	8.6	8.6	7.0	8.5
Net profit margin (%)	4.0	5.0	5.2	4.7	5.3
Net interest cover (times)	5.3	7.3	13.8	12.8	12.2
Net gearing (%)	41.4	32.5	24.1	24.8	22.7
Sterling/guilder exchange rates					
Annual average £1 = Fl.	3.24	3.30	3.10	2.79	2.78
Year-end £1 = Fl.	3.25	3.20	2.76	2.87	2.72

(a) Return on shareholders' equity is net profit attributable to ordinary shareholders expressed as a percentage of the average capital and reserves attributable to ordinary shareholders during the year.

Return on capital employed is the sum of profit on ordinary activities after taxation, plus interest, after tax, on borrowings due after more than one year, expressed as a percentage of the average capital employed during the year.

Operating margin is operating profit expressed as a percentage of turnover.

Net profit margin is net profit expressed as a percentage of turnover.

Net interest cover is profit before net interest and taxation divided by net interest.

Net gearing is net debt (borrowings less cash and current investments) expressed as a percentage of the sum of capital and reserves, minority interests and net debt.

Return on shareholders' equity is substantially influenced by the Group's policy of writing off purchased goodwill in the year of acquisition as a movement in profit retained. Return on capital employed and net gearing are also influenced but to a lesser extent.

Unilever Group
Five year record
Information by geographical area and by operation

Fl. million	1990	1991	1992	1993	1994
By geographical area					
Turnover					
Europe	44 183	45 422	45 000	42 279	43 765
North America	15 011	15 738	15 022	15 848	16 471
Rest of the World	14 464	15 278	16 548	19 499	22 354
	73 658	76 438	76 570	77 626	82 590
Operating profit					
Europe	3 804	4 098	3 842	2 933	3 577
North America	1 179	1 110	1 193	682	1 398
Rest of the World	1 474	1 385	1 541	1 782	2 037
	6 457	6 593	6 576	5 397	7 012
Net operating assets ^(a)					
Europe	9 998	10 336	9 627	10 232	10 457
North America	5 741	6 029	6 621	6 095	5 608
Rest of the World	4 432	4 258	4 543	5 500	5 938
	20 171	20 623	20 791	21 827	22 003
By operation					
Turnover					
Foods	37 488	39 347	39 465	39 981	43 095
Detergents	16 138	17 219	18 220	18 138	18 248
Personal Products	8 817	9 315	9 919	11 076	12 043
Speciality Chemicals	5 884	6 198	6 083	6 519	7 194
Other Operations	5 331	4 359	2 883	1 912	2 010
	73 658	76 438	76 570	77 626	82 590
Operating profit					
Foods	3 289	3 488	3 374	2 799	3 344
Detergents	1 184	1 233	1 329	862	1 287
Personal Products	880	797	967	935	1 298
Speciality Chemicals	748	757	708	654	885
Other Operations	356	318	198	147	198
	6 457	6 593	6 576	5 397	7 012
Net operating assets ^(a)					
Foods	9 549	9 565	10 058	11 438	11 446
Detergents	4 128	4 144	4 707	4 372	3 953
Personal Products	2 246	2 397	2 315	2 136	2 172
Speciality Chemicals	3 357	3 421	3 447	3 545	3 807
Other Operations	891	1 096	264	336	625
	20 171	20 623	20 791	21 827	22 003
Capital expenditure					
Foods	1 640	1 801	1 656	1 860	1 996
Detergents	832	675	786	792	734
Personal Products	272	264	259	353	425
Speciality Chemicals	394	392	454	560	484
Other Operations	407	358	283	265	336
	3 545	3 490	3 438	3 830	3 975

(a) See note 1 on page 10.

Unilever Group

Additional information for United States investors

Unilever's consolidated accounts are prepared in accordance with accounting principles which differ in some respects from those applicable in the United States. The following is a summary of the approximate effect on the Group's net profit, combined earnings per share and capital and reserves of the application of United States generally accepted accounting principles (US GAAP).

	Fl. million	
	1994	1993
Net profit as reported in the consolidated profit and loss account	4 339	3 612
US GAAP adjustments net of taxation where applicable:		
Goodwill	(468)	(435)
Interest	—	22
Pensions	64	(25)
Current investments	—	(22)
	(404)	(460)
Cumulative effect of accounting changes:		
Current investments	55	—
Deferred taxation	—	131
Post-retirement health benefits	—	(607)
Net decrease	(349)	(936)
Approximate net income under US GAAP	3 990	2 676
Approximate combined net income per share under US GAAP		
Before cumulative effect of accounting changes:		
Guilders per Fl. 4 of ordinary capital	14.06	11.25
Pence per 5p of ordinary capital	75.83	60.58
After cumulative effect of accounting changes:		
Guilders per Fl. 4 of ordinary capital	14.26	9.54
Pence per 5p of ordinary capital	76.85	51.38
Capital and reserves as reported in the consolidated balance sheet	14 487	13 504
US GAAP adjustments net of taxation where applicable:		
Goodwill	10 609	10 775
Interest	715	755
Pensions	220	146
Current investments	—	(55)
Dividends	1 194	1 138
Net increase	12 738	12 759
Approximate capital and reserves under US GAAP	27 225	26 263
Net gearing under US GAAP (%) ^(a)	15	16

(a) See note (a) on page 36.

Unilever Group

Additional information for United States investors

The following is a summary of the more important differences between Unilever's accounting principles and US GAAP.

Goodwill

Unilever writes off goodwill, defined as the difference between the consideration paid for new interests in group companies and associates and the fair value of the Group's share of their net tangible assets at the date of acquisition, directly to profit retained in the year of acquisition. Under US GAAP, goodwill is capitalised and amortised through the profit and loss account over its estimated life of up to 40 years.

Interest

Unilever treats all interest costs as a charge to the profit and loss account in the current period. Under US GAAP interest incurred during the construction periods of tangible fixed assets is capitalised and depreciated over the life of the assets.

Pensions

Under Unilever's accounting policy the expected costs of providing retirement pensions are charged to the profit and loss account over the periods benefiting from the employees' services. Variations from expected cost are similarly spread. Under US GAAP, pension costs are also spread, but based on prescribed actuarial assumptions.

Current investments

Unilever accounts for current investments, which are liquid funds temporarily invested, at their market value. With effect from 1 January 1994, the same policy has been adopted for reporting under US GAAP. The cumulative effect of this accounting change has been credited to the net income reported under US GAAP in 1994.

Deferred taxation

Unilever provides in full for deferred taxation using the liability method. Since 1 January 1993, a similar policy has been adopted for reporting under US GAAP, with the result that the difference between Unilever accounting principles and US GAAP is not material. The cumulative effect of this accounting change was credited to the net income reported under US GAAP in 1993.

Post-retirement health benefits

Unilever changed its method of accounting for post-retirement health benefits in 1993 to one which is consistent with US GAAP. In the Unilever accounts, the previously unrecognised liability at 1 January 1993 was treated as an adjustment to profit retained, whereas under US GAAP it was required to be charged to net income.

Dividends

The proposed final ordinary dividends and related United Kingdom Advance Corporation Tax are provided for in the Unilever accounts in the financial year in respect of which they are subsequently recommended by the Boards of Directors for approval by the shareholders. Under US GAAP such dividends are not provided for until they become irrevocable.



Produced by: Unilever Corporate Relations Department
Design: The Partners
Cover photography: Peter Hince
Print: MediaWare, Eindhoven

