LEVER BROTHERS & UNILEVER

ANNUAL REPORT

AND

STATEMENT OF ACCOUNTS

1950

LEVER BROTHERS & UNILEVER LIMITED

DIRECTORS

SIR GEOFFREY HEYWORTH *Chairman*

SIR HERBERT DAVIS } *Vice-Chairmen*
PAUL RYKENS }

M. G. DE BAAT
JAMES P. VAN DEN BERGH
SIDNEY J. VAN DEN BERGH
CHARLES HUGH CLARKE
GEORGE JAMES COLE
W. A. FAURE
JOHN HENRY HANSARD
ARTHUR HARTOG
HAROLD HARTOG
JAMES LAURENCE HEYWORTH
ROGER HARDMAN HEYWORTH
RALPH ESTILL HUFFAM
RUDOLF G. JURGENS
FRANCIS DAVID MORRELL
ROWLAND HUNTLY MUIR
FRANK SAMUEL
A. E. J. SIMON THOMAS
ARTHUR HENRY SMITH
F. J. TEMPEL

ADVISORY DIRECTORS

HORATIO BALLANTYNE
THE MARQUESS OF CARISBROOKE
LUKE V. FILDES
THE VISCOUNT LEVERHULME

SECRETARY

HUGH SAUNDERS

AUDITORS

COOPER BROTHERS & CO.
PRICE WATERHOUSE & CO.

CONTENTS

Lever Brothers & Unilever Limited, the English Company, is referred to as " LIMITED ".

Lever Brothers & Unilever N.V., the Dutch Company, is referred to as " N.V."

They are referred to jointly as " THE PARENT COMPANIES ".

SALIENT POINTS

All figures relate to the LIMITED and N.V. Groups combined; details are set out in the accompanying Statements and should be considered in conjunction with the Notes thereon.

1949 £			1950 £
273,482,097	**CAPITAL EMPLOYED**		308,888,453
153,556,332	**FIXED ASSETS**		168,563,508
119,925,765	**NET CURRENT ASSETS**		140,324,945
800,897,000	**TURNOVER**		988,870,000
6,604,839	**DEPRECIATION**	Charged to trading account	*7,851,664*
4,247,744	**FIXED ASSETS REPLACEMENT RESERVES**	Charged to trading account	*4,943,233*
31,947,465	**TRADING PROFIT**		52,181,298
5,680,882	**EXCHANGE SURPLUSES**		64,739
1,823,308 (brought back)	**STOCK RESERVES**		*2,629,699*
17,569,024	**TAXATION**		*28,459,366*
19,580,127	**CONSOLIDATED NET PROFIT**		19,226,875
16,100,901	**PROFIT ACCRUING TO THE ORDINARY SHAREHOLDERS**		15,747,649
11·1%	Percentage on Ordinary Shareholders' Funds		9·2%
2,195,327	**ORDINARY DIVIDENDS PROPOSED**		2,913,743
1·5%	Percentage on Ordinary Shareholders' Funds		1·7%
LIMITED 10% N.V. 8·9%	Percentage on Ordinary Capital		LIMITED 13½% N.V. 12%

REPORT OF THE DIRECTORS

The Directors submit their Report and Accounts for the year 1950. LIMITED and N.V. are linked together by a series of agreements of which the principal is the Equalisation Agreement, which in effect equalises the dividend rights of the Ordinary Shares of the two Companies and their capital values on liquidation on the basis of £1 nominal of LIMITED's Ordinary Capital being equivalent to Fl.12 nominal of N.V.'s Ordinary Capital. For this reason the Report and Accounts deal, as hitherto, with the operations and results of both Groups.

The Annual General Meetings will be addressed by their respective Chairmen, and reports of their speeches will be published in the Press.

STOCK VALUATIONS IN THE UNITED STATES

In arriving at the results of Lever Brothers Company, New York, for the year 1950, the principle of stock valuation known as LIFO (Last-In First Out) has been adopted. In previous years the basis has been that of FIFO (First In First Out). Owing to the substantial increase in raw material prices during the year 1950, the adoption of the LIFO principle of valuation caused the results of that Company, and consequently the Consolidated Trading Profit, to be lower by approximately £3,150,000 than if the stocks had been valued on the FIFO basis. Had the change not been made, it would have been desirable to increase the stock reserves by an amount approximately equivalent to this sum. The application of the LIFO principle is expected to result in a considerable reduction in the amount of tax payable by Lever Brothers Company for the year 1950.

RESULTS

Details of the results are given in the Consolidated Profit and Loss Account (Statement B) and the figures must be considered in conjunction with the notes on that Statement.

The revenue from trading was £52,181,298 for the year compared with £31,947,465 in 1949, after making reserves for replacement of fixed assets of £4,943,233 (£4,247,744), in addition to the normal provisions for depreciation.

The consolidated net profit for the year amounts to £19,226,875 compared with £19,580,127 for the previous year. The former figure however is arrived at after setting aside reserves against stock values amounting to £2,629,699 whereas the profit for 1949 included exceptional credits of £7,504,190 arising from exchange profits of £5,680,882 and £1,823,308 brought back from stock reserves. Moreover this year's profits are fully taxable whereas the exceptional credits of the previous year were not subject to taxation.

Details of the proposed appropriations of the profits of the Parent Companies are set out on Statement C. It will be seen that the Directors propose to appropriate £2,151,512 (£2,000,000) to the General Reserve of LIMITED and £652,972 (nil) to the General Reserve of N.V., and to distribute a dividend of 13½% (10%) on the Ordinary Stock of LIMITED and a dividend of 12% (8.9%) on the Ordinary Capital of N.V. Together these proposed dividends represent 1.7% (1.5%) on the total funds of the Ordinary shareholders. They are equivalent in value under the terms of the Equalisation Agreement, and if approved will be payable on 24th July 1951. After the proposed appropriations, the profits carried forward are increased by £336,910 (£353,763) in LIMITED and by £118,601 (£87,868) in N.V.

Results achieved in the current year to date are satisfactory.

RESERVES

The capital reserves have been increased by £8,136,936 to £49,332,998. Of this increase £4,943,233 represents replacement reserves charged to profits and £2,805,369 surpluses on disposal of fixed assets to which reference is made in the Review of Operations. After the proposed appropriations, the revenue reserves, including exchange surpluses, stand at £78,834,193 at 31st December 1950. The increase of £15,463,605 represents profits retained of £12,833,906 and additions out of profits to stock reserves of £2,629,699.

INTERESTS NOT CONSOLIDATED

The position of interests not consolidated remains virtually the same as at the end of 1949, although some payments in respect of these interests have been received and deducted from the book value.

BORROWING POWERS

The Directors feel that the amount (including borrowings by subsidiaries but excluding inter-company borrowings) which LIMITED may borrow without the sanction of the Company in general meeting, namely, the nominal amount of issued Preference and Preferred Ordinary Capital, may prove inadequate for future requirements. A special resolution is therefore being submitted to the Meeting to increase this limit to twice the issued Preference and Preferred Ordinary Capital. This, if passed, will raise the amount which LIMITED may borrow without the sanction mentioned above to approximately the amount which, under the Trust Instrument securing the Debenture Stock issued in 1950, the Company is permitted to borrow without the consent of the Trustees for the Debenture stockholders.

MEMBERSHIP

At the 31st December 1950, the number of stockholders in LIMITED was 192,914 with an average holding of a little over £360. Almost the whole of the Share Capital of N.V. is in bearer form and the number of shareholders in that company cannot be ascertained.

DIRECTORS

All the Directors retire in accordance with Article 90 of the Articles of Association and, being eligible, offer themselves for re-election.

AUDITORS

The Auditors, Messrs. Cooper Brothers & Co. and Messrs. Price Waterhouse & Co., will continue in office in accordance with Section 159(2) of the Companies Act, 1948.

By Order of the Board,
H. SAUNDERS,
Secretary.

REVIEW OF OPERATIONS

GENERAL

During 1950 conditions became more competitive as more State controls were relaxed. Trade continued to expand and there was a general increase of turnover, the most marked being in Europe and the United States. This expansion was achieved without increasing our labour force. In the earlier part of the year freer conditions of trade and the tendency for supplies of raw materials to be more plentiful, which had developed during 1949, favoured this expansion. Further impetus was added by the tense international situation which developed in the latter half of the year as it led to increased demands for our products.

Owing to the fear of war and the resultant stock-piling, and also as a consequence of heavy buying in Western Germany, following the relaxation of controls, prices of all important raw materials began to rise sharply towards the end of the year, and a number of essential materials began once more to be in short supply. In consequence of these high prices we have made substantial stock reserves.

In addition to the ordinary vicissitudes of trade The United Africa Company had to contend with political unrest and strikes in the British West African colonies.

There was a marked improvement in our soap, edible fat and toilet preparations business in the United States. The year's results have confirmed the faith expressed in last year's review in the soundness of our established brands, all of which developed well. The new management structure is proving its effectiveness.

Soap was de-rationed in the United Kingdom in September. This brought about a heavy demand for all our products, which was fully met, thanks to sound forward planning.

The first stage of post-war re-organisation in Western Germany was almost completed as the work of reconstructing our three main margarine plants reached its final stage. When this is finished capacity will be back to the pre-war level.

Conditions continued to be unsettled in many countries in the Orient, but our trade in most of them increased.

Arrangements were concluded with the Is Bank in Turkey for development in partnership with them of a margarine and edible fat business in that country to be known as Unilever-Is Turk Limited Sirketi.

FINANCE

The amount which we expended throughout the world in 1950 on capital development, including replacements, was £24,932,000. This, with the figures for previous years, makes a total of £68,160,000 since 1945.

It may be of interest to refer here to the more important capital projects. In the United States they include a new plant at Los Angeles, which is now partly in operation, and extensions to the plant at Edgewater, new office premises in New York and a new research building at Edgewater. All should be finished during 1951 except the research building, which should be completed in 1952. The initial steps have also been taken in the construction of a plant at St. Louis for the manufacture of our synthetic detergent SURF. In Canada, the new factory at Toronto has been in full operation since September, 1950; it has already resulted in substantial savings in working costs. In England a new oil mill at Bromborough was practically complete by the end of the year. Work was started on a plant for the production of petroleum catalysts for the oil refineries now being established by some of the major oil companies in the United Kingdom and elsewhere in the non-dollar area. A new plant, the first of its kind in Europe, for the separation of oleines and stearines, was successfully brought into operation at Price's factory at Bromborough. Acquisitions include a soap factory at Gävle in Sweden, and a majority interest in an oil mill in France.

Work on the construction of factories in Pakistan and Malaya went forward and production should start during 1951. In India and Indonesia, where the demand for our products continues to grow and is out-stripping production capacity, steps are being taken to provide further manufacturing facilities.

Important capital assets disposed of during the year include Lever House, Cambridge, Mass., the river fleet of the Huileries du Congo Belge, and The United Africa Company's mining rights and royalties in Nigeria.

Demands for working capital continued to increase owing to the upward trend of prices of many commodities which began soon after the devaluation of the Pound, the Florin and other currencies in 1949 and continued throughout 1950 and into 1951. This trend is largely responsible for the increase in the aggregate amounts invested in stocks and debtors from £192,029,601 to £226,426,967.

It will be recalled that in 1949 N.V. made an issue in the Netherlands of 75 million florins 3½% convertible notes. Late in 1950 LIMITED made a public issue in the United Kingdom of £10 million 3¾% Debenture Stock 1955/1975 at 98½%. Of the proceeds of this issue half, as is shown in the attached Balance Sheet, was received in 1950, the balance early in 1951. This new finance will go some, but by no means all, of the way towards meeting LIMITED's increasing demands for working capital and fulfilling their capital expenditure programme.

In a number of countries restrictions on credit were introduced and in many countries interest rates have been increased in an endeavour to counter inflation. As a result the cost of finance tended to rise during the year.

During 1949 a tendency towards the relaxation of restrictions upon the transfer of funds from one currency area to another began to develop. This continued into 1950 and the increased flexibility has helped us in dealing with some of our problems of finance.

Double Taxation agreements were concluded between a number of countries, and their operation will benefit our organisation. On the other hand, increased taxation, which the programme of re-armament has already necessitated in many countries and which is likely to persist for a number of years, has added a further financial burden.

RAW MATERIALS

Oils and Fats

During 1950 world production of oils and fats increased by about 1,150,000 tons. Only part of the extra production, however, found its way into international trade. For example, nearly half the extra production was olive oil produced in Europe and consumed locally, and of an additional production of 200,000 tons of vegetable oils in India and Pakistan, the greater portion was consumed in these countries.

During the early part of the year prices were steady, the tendency being slightly upward. After a decline during June prices began to rise sharply. This was in large measure in reaction to events in Korea, but it was aggravated by heavy buying of oils and fats by Western Germany after the discontinuance of Government control. Her imports in 1950 were 350,000 tons greater than in 1949, and most of this excess was purchased in the latter half of the year. The following figures give an indication of the way prices rose during 1950.

		1st Jan. per ton £	31st Dec. per ton £
Linseed	Indian	51	73
Coconut Oil	Straits bulk	118	161
Groundnut Oil	Indian bulk	137	170
Palm Oil	Congo	81	140
		per lb.	per lb.
Tallow	New York	6.5 cents	16 cents
Refined Cotton Oil	New York	12.59 cents	23.76 cents

It is noteworthy that although actual production in the United States of domestic oils and fats was in excess of the country's own requirements, the prices of some oils in the United States rose more steeply than in other parts of the world. The cause was probably psychological rather than economic.

The present situation, where the requirements of a number of European countries are in excess of the supplies likely to be available to them, can only aggravate the tendency for prices to increase. It is therefore of great importance that international arrangements should be made whereby the available quantities of oils and fats can be shared out on some agreed basis.

Chemicals

A number of essential chemicals continued to be difficult to obtain both in Europe and America. We were again able to purchase sufficient quantities of caustic soda and soda ash. There was an improvement in the availability of raw materials for synthetic detergents but many of them still fell below the standard required for high quality products.

Packing Materials

As the year wore on packing materials became more and more difficult to obtain, and as plans for re-armament develop they are likely to continue in short supply. We have therefore had to postpone for the time being our plans to improve the presentation of many of our products.

Towards the end of the year the shortage of tin plate in particular caused a reduction in the output of some of our food products.

SALES

The comparative values of our sales, other than those of the United Africa Group, which are given elsewhere, are summarized in the following table:

	1949 £	1950 £
(1) Western Europe	490,893,000	606,378,000
(2) N. & S. America	100,084,000	145,649,000
(3) Africa, Middle East and Australasia	24,550,000	26,440,000
(4) Orient, excluding China	39,369,000	45,358,000

Further progress towards freedom in manufacture and sale was made during the year. As mentioned earlier, the United Kingdom brought soap rationing to an end in September but price control remains. In Denmark rationing of margarine was terminated in November, leaving the United Kingdom, Finland and Israel as the only countries where edible fats were rationed at the end of the year.

During the first half of the year price controls in many European countries lost their practical significance because actual selling prices had dropped below official maximum prices. Later in the year, however, as international tension led to price increases, controls again became effective. In no country, however, were disturbances in the relationship between supply and demand considered so great as to call for the re-imposition of rationing.

MARGARINE AND EDIBLE FAT PRODUCTS

In the United Kingdom the subsidised selling prices fixed for butter and margarine continue to favour butter, and we were called upon to deliver to the Ministry of Food a somewhat smaller tonnage of margarine than in 1949. The Ministry of Food were not prepared to agree to proposals submitted to them by the manufacturers of margarine to allow proprietary brands of margarine and edible fats to be sold alongside the present standardised products.

In the United States the consuming public has of recent years become increasingly aware of the value of margarine in the American economy. In July pressure of public opinion forced the abolition of Federal taxation on coloured margarine, which had been in force since 1886. The position is complicated by the existence of separate State legislation, but in 34 of the 48 States coloured margarine could be freely sold by the end of the year, and the movement in favour is still spreading. Through our acquisition of the John F. Jelke margarine business in 1948, we are in a favourable position to obtain a share of this important trade.

In the Netherlands sales of margarine were a record, and a new type of cooking fat was successfully launched at the end of the year.

In Western Germany, more raw materials became available and pre-war margarine tonnages and brands were restored.

In Pakistan we were unable to meet our customers' full requirements of edible fats but this difficulty should be overcome when the new factory is in operation.

The following figures show our total sales of margarine and edible fats in metric tons in comparison with earlier periods:—

1938	1949	1950
807,000	981,000	1,117,000

DETERGENTS

During the first half of the year sales progressed normally but, after the outbreak of hostilities in Korea, they began to increase markedly in Western Europe, the United States, Canada, and a number of countries throughout the Commonwealth.

The consumption of synthetic detergents continued to increase, particularly in the United States and Canada, where our general purpose product SURF made good progress.

In the United Kingdom our sales benefited from the replenishment of trade stocks which followed the termination of soap rationing. The initial reaction of the public at the end of rationing was to demand greater quantities of soap powders and toilet soap as distinct from synthetic detergents. The final effect of the free supply of soap on the demand for synthetics cannot as yet be determined.

On the Continent of Europe our principal effort was devoted to continuing the reintroduction of proprietary brands, which was made possible by our ability to obtain raw materials of the necessary improved quality. This policy met with considerable success. Further progress in the field of synthetic detergents was made in the Netherlands, Western Germany and Switzerland; synthetic detergents were introduced in Sweden.

In a number of countries in the Far East the post-war trend towards better washing products such as proprietary household and toilet soaps was maintained; this was most marked in India, Ceylon, Siam and Indonesia.

The total sales of detergents in metric tons in comparison with earlier periods, are:—

1938	1949	1950
881,000	1,054,000	1,239,000

TOILET PREPARATIONS

Sales of toilet preparations increased, both in volume and in money value.

The most marked progress was made in the sale of toothpaste. Pepsodent is now firmly established as an international brand, and Gibbs S.R. is also widely sold.

In Portugal a new company, Industrias Lever Portuguesa Limitada, which we formed in partnership with a well-known local organisation, began to manufacture Atkinson's products and Pepsodent toothpaste. In the Netherlands and Scandinavia new shampoo products were launched.

The Atkinson businesses in South America experienced difficulties in obtaining imports of the necessary essential oils and high grade packing materials. We were able to increase our business in Brazil, but not in the Argentine.

The figures below show the annual sales value of our toilet preparations:—

1938	1949	1950
£2,377,000	£15,429,000	£17,442,000

FOODS

The development of our food business continued in 1950.

Once again, new records were established, both in tea and soup sales, by our American company, Thomas J. Lipton Inc. of Hoboken. Their new frozen dessert mix, FROSTEE, was successfully launched on a national scale. Quick-frozen products were marketed for the first time by our business in Australia. Chicken Noodle Soup, which was already established in Belgium, was well launched in the Netherlands. Despite the difficulties that confront attempts to bring out products involving new ingredients and materials in the United Kingdom, Chicken Noodle Soup was successfully placed on the market by Batchelors in the southern part of the country before the end of the year.

In the Netherlands, both the fresh and canned meat products of our Oss factory were in good demand at home and for export.

Walls' ice cream trade in the United Kingdom showed that their post-war conversion to selling through retail shops, without help from tricycles, had been successfully accomplished. Sales also indicate that ice cream is gaining in the United Kingdom a similar popular recognition of its food value to that which it enjoys in America.

In the fish industry in the United Kingdom trading conditions were difficult in the earlier part of the year; in the latter part of the year, however, the quality of fish improved and there was an increased demand.

The annual sales value of our food products in comparison with earlier years is shown below:—

1938	1949	1950
£19,700,000	£54,682,000	£70,170,000

OIL, CAKE AND MEAL

Our seed crushing operations in the United Kingdom continued to be restricted under regulations of the Ministry of

Food. It was, however, possible to increase our production of animal foods. In England progress was made in the construction of additional facilities for the manufacture of animal foods. By the end of the year a new extraction mill which can produce meal forming suitable raw material for the manufacture of synthetic textiles was completed.

The new refinery in Finland was completed during the year and is now operating successfully.

CHEMICALS

The important chemical business of Joseph Crosfield & Sons Limited had a good year, the sales of sodium silicate and metasilicate products reaching record figures.

PAPER

Our paper-making business in Germany increased the scale of its operations and was able to export over a tenth of its output of parchment paper as well as meeting local demands, including the needs of all our German factories.

EXPORT

Export sales exceeded those in 1949, the previous record year, both in tonnage and value. Sales, from both the United Kingdom and the Netherlands, had been heavy and there had been a good deal of overstocking by buyers in 1949 after the removal of export restrictions on soap and, in the Netherlands, on oils and edible fats. It was expected therefore that sales in 1950 would be somewhat lower. In the latter half of the year, however, heavy buying was resumed due to the world-wide tendency to stockpile.

In the United Kingdom the business of exporting toilet preparations increased substantially, the sales being some 50% above those of the year before. We exported slightly greater quantities of margarine and edible fats, but this trade remained restricted both by the Ministry of Food control and the shortage of tin plate. The profits on export sales were slightly below those of 1949, due mainly to the heavier expenditure on advertising which freer market conditions made desirable.

Exports from the United Kingdom, including those of the United Africa Group totalled £27,225,000 compared with £25,546,000 in 1949.

There was a substantial increase in exports from the Netherlands, especially of crude and hardened oils and fats. Exports of meat and meat products were more than double those in 1949. There was a considerable increase in shipments to the United Kingdom and freer conditions of European trade led to an improvement in exports to other Continental countries, especially Germany and Belgium.

The total value of the export trade from the Netherlands, including the increased exports by the United Africa Group, rose from £8,846,000 in 1949 to £14,191,000 in 1950.

UNITED AFRICA GROUP

The favourable trading conditions of the previous year were maintained in all the territories in which the Group operates. The total value of merchandise sales and produce, including services, handled by the Group further increased from £146,001,000 to £165,045,000—an advance of 13%.

General Economic Conditions

Prices of West African produce in world markets fluctuated greatly in the course of the year. The production of palm oil and palm kernels in West Africa was much the same as last year, but a considerably lower tonnage of groundnuts was marketed. The Northern Nigerian crop of 1949/50 was only 188,000 tons against more than 327,000 tons in each of the two preceding seasons. This substantial reduction in the crop meant that the cash available for the Northern Nigerian to spend, at a time of advancing merchandise prices, was materially reduced.

The Senegal groundnut crop also declined considerably, but in contrast with Nigeria the prices paid were high and in line with the world market, so that in total the producers received more than in the preceding year.

The total cocoa crop remained virtually unchanged in tonnage, but owing to increases in price the total value received by the producers rose by over 30%.

In the whole area from the Senegal to the Belgian Congo approximate tonnages and payments received by the producer for the principal crops were:—

	1948		1949		1950	
	Tons	£	Tons	£	Tons	£
Groundnuts	896,000	18,450,000	706,000	21,980,000	576,000	19,660,000
Palm Oil	278,000	12,420,000	303,000	12,500,000	303,000	17,200,000
Palm Kernels	611,000	14,370,000	654,000	17,000,000	648,000	19,700,000
Cocoa	460,000	48,670,000	433,000	41,290,000	437,000	54,333,000
	2,245,000	93,910,000	2,096,000	92,770,000	1,964,000	110,893,000

The cost of conducting activities in all the territories in which the Group operates continued to increase. Food crops were poor and this, combined with the overall increase in the spending power, has caused a substantial rise in the price of local foodstuffs.

Political Situation

In January 1950, political agitation provoked a general strike in the Gold Coast and for a time the Group's business was brought to a standstill. The loss of trade in this period was rapidly recovered in succeeding months. The strike was in no way concerned with the relationship of the Group and its employees, which remained unimpaired. Since the turn of the year there have been changes in the constitution of the Gold Coast and for the first time elections have been held to determine the composition of the Legislative Assembly.

Mining Royalties

As was publicly announced during the course of the year the Government of Nigeria purchased the reversion of the mineral royalties and mining rights of The United Africa Company Limited in the Northern Province of Nigeria for £1,000,000 at 1st January 1950.

Produce

In the produce business competition was more intense. The total value of produce handled by the Group rose from £63,293,000 in 1949 to £70,684,000 in 1950, the results in French Territories being exceptionally favourable.

Merchandise

During the early months of 1950 there were perceptible signs of the reappearance of a buyers' market; suppliers' delivery periods were shortening and manufacturers shewed greater readiness to modify standard specifications to meet the particular demands of individual markets. By early May, however, there was a marked upward trend in prices which gained further impetus from August onwards, and as the year drew to a close price increases were substantial and continuous.

Increasing costs of merchandise made it necessary to raise selling prices in Africa also; in textiles the market has been slow to accustom itself to the higher price level. A feature of the trade has been the high proportion of money which has been expended on the purchase of durable goods even at the higher prices.

The easier conditions which applied in the earlier part of the year enabled the Group to assure a full supply of merchandise and once again sales rose to a record high level at £90,239,000 against £78,061,000 in 1949—an increase of over 15%. The increase was particularly marked in the case of French West and Equatorial Africa, where sales rose by more than 25%, the most outstanding advance being in the Tchad. These satisfactory results were the consequence of the increased purchasing power which resulted from higher produce prices and substantial Government expenditure in the French Territories.

During the year new departmental stores were opened at Freetown and Bathurst.

In East Africa the business of Gailey and Roberts made further progress and merchandise sales in the Middle East reached new high levels.

Shipping

On 1st January, 1950, Palm Line Limited, the Group's ocean shipping line, became members of the West African Conference.

Import and export tonnages carried by vessels owned, or chartered during the year, declined by nearly 3% on the preceding year to 1,296,270 tons. Throughout the year the 15 vessels owned by the Line, with a deadweight tonnage of 126,614, were fully and profitably employed. In the second half of the year, however, owing to substantial increases in charter rates, losses were incurred on voyages by vessels chartered by the Line. During 1951 increases in freight rates and a surcharge have been made which, it is expected, will enable such losses to be avoided.

Two new cargo vessels, each of 8,600 deadweight tons, have been ordered for delivery in the second half of 1952.

Plantations

All plantations continued to operate successfully and to benefit from improved produce prices in the second half of the year. The only important new plantings during the year were an additional 637 acres of cocoa planted in the Belgian Congo bringing the total acreage under cocoa up to 6,456. Nursery plantations were started in the Congo as the first step in a programme for planting 2,500 acres of coffee.

Both in Nigeria and the Belgian Congo the dry season was abnormal. As a result smaller crops than usual were harvested in the palm oil plantations. In spite of this, Huileries du Congo Belge in the early part of the year achieved a production figure for palm oil which was a record for a twelve-month period. The calendar year, however, showed a drop in their production in the Belgian Congo from 48,498 tons to 47,874 tons. For the same cause production in Nigeria fell from 8,679 tons to 6,926 tons.

The new mill at the Company's palm oil estates at Calabar had its first full year of operation.

In Malaya the rehabilitation of the 4,000 acre oil palm plantation has continued and production has been increased by a more intensive use of fertilisers. Extensions are planned for this plantation and the housing facilities for Asiatic staff have been increased and modernised.

The small banana plantation at Bwinga in the British Cameroons suffered severe damage by tornado early in the year and production was set back by four months. As a consequence the results, although satisfactory, were not as favourable as those of the preceding year. Arrangements have been made to begin planting bananas on 2,000 acres of the Company's 7,000 acre holding at Lobe in the British Cameroons.

Timber

Hardwoods were freed from control in the United Kingdom in January 1950, and demand for our products became even stronger during the year as a result of the serious shortage of softwoods in the United Kingdom. The production of veneer and the manufacture of plywood at the mill at Sapele continued to be satisfactory and the tonnage of logs exported from the concessions in Nigeria was a record.

Lumber production was abnormally low as a result of the inevitable dislocation caused by the transfer to the new sawmill at Sapele which began to take place in June 1950.

PERSONNEL

As in previous years a number of employees, both from the Continent and the United Kingdom, attended courses at the Administrative Staff College, at Henley, and at the Harvard School of Business Administration, in the United States. In Germany our methods of management training are beginning to show results in attracting recruits of suitable quality. A training scheme for the transport organisation in the United Kingdom was started in the autumn. The courses for supervisors continued to be held in London over the year. In the United Kingdom, the Netherlands and other countries, several thousand supervisors were trained in Job Instruction, Job Relations and Job Methods.

In pursuance of our policy of maintaining close personal contact between headquarters and managements abroad, nearly 1,500 visits were paid to companies abroad by Directors and other members of the London and Rotterdam Head Office staffs, while over 600 visits to the two Head Offices were made by members of the staffs of companies abroad.

Our medical services in the United Kingdom were improved during the year and the standard of factory Health Centres continued to rise. Further substantial improvements have also been made in the medical services in our factories on the continent of Europe. Outside Europe the most notable progress in this field was made in West Africa, India and Indonesia.

The membership of our Pension and Provident Funds increased by 8,100 to a total of 72,200 at the end of the year, while the number of employees covered by outside schemes through Insurance Companies and the like totalled 9,400, making a total of 81,600 employees covered by schemes of all kinds as opposed to 73,600 at the end of 1949.

PROGRESS

Shortage of paper prevents us from distributing our magazine PROGRESS *as widely as we would wish. We have, however, arranged for a number of copies to be set aside for stockholders. The magazine describes the Company's activities throughout the world, and also contains commentaries by experts within and outside the business on current topics in which the Company is specially interested.*

Stockholders who would like to be included in the permanent complimentary mailing list are invited to send their names and addresses to the Editor, PROGRESS, *Lever Brothers & Unilever Limited, Blackfriars, London, E.C.4.*

REPORTS OF THE AUDITORS

LIMITED GROUP

To the Members of Lever Brothers & Unilever Limited

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. In our opinion proper books of account have been kept by the company so far as appears from our examination of those books. We have examined the balance sheet set out on Statement F, which is in agreement with the books of account. In our opinion and to the best of our information and according to the explanations given to us, the balance sheet, amplified by the notes applicable thereto and by the consolidated accounts set out on Statements A to E inclusive, gives the information required by the Companies Act, 1948, in the manner so required and gives a true and fair view of the state of the company's affairs at 31st December, 1950.

We have also examined the consolidated accounts with the accounts of the company and its subsidiaries. The accounts of some of the companies have not been audited by us and those of a group of major importance having interests in Africa, audited at 31st August, 1950, are estimated accounts based on unaudited returns as at 31st December, 1950. The balances shown as profit on Statements B and C are after making the transfers to reserves as stated in Note (XII) on Statement B. Subject to the foregoing, in our opinion, such consolidated accounts, amplified by the notes applicable thereto, have been properly prepared in accordance with the provisions of the Companies Act, 1948, so as to give, so far as concerns the Members of Lever Brothers & Unilever Limited, a true and fair view respectively of the state of affairs and of the profit of the group.

COOPER BROTHERS & CO.
PRICE WATERHOUSE & CO. } *Chartered Accountants*

6th June, 1951.

N.V. GROUP

The accounts of N.V. and the N.V. Group expressed in guilders are presented to the shareholders of N.V. in the Dutch language. The following is a translation of the auditors' report on these accounts.

To the Members of Lever Brothers & Unilever N.V.

We report to the Members that we have examined the balance sheet set out on Statement G, which is in agreement with the books of account; these in our opinion have been properly kept. Sufficient information is not available to enable us to estimate the extent to which the company's reserves may be required to write down its interests not consolidated, which have a book value of Fl.71,206,883 and are reflected in the item Interests in Subsidiaries. As in past years, the company's net profit, shown in the note on Statement C has been arrived at after crediting dividends from its direct subsidiaries which are represented in part by profits of their subsidiaries capitalised by them as bonus shares or retained and not declared in dividend. Subject to the foregoing remarks we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit and in our opinion the balance sheet, amplified by the notes applicable thereto and by the consolidated accounts set out on Statements A to E inclusive, gives a true and fair view of the state of the company's affairs as at 31st December, 1950.

We have also examined the consolidated accounts of the company and its subsidiaries dealt with thereby with the accounts of those companies. Some of these have not been audited by us and some, dealing with a relatively small proportion of the assets and liabilities of the group, have not been audited. The balances shown as profit on Statements B and C are after making the transfers to reserves as stated in Note (XII) on Statement B. Subject to the foregoing and to the extent to which the reserves may be required to write down Interests not consolidated, referred to above, in our opinion such consolidated accounts, amplified by the notes applicable thereto, have been properly prepared so as to give a true and fair view respectively of the state of affairs and of the profit of Lever Brothers & Unilever N.V. and its subsidiaries dealt with thereby.

PRICE WATERHOUSE & CO.
COOPER BROTHERS & CO. } *Chartered Accountants*

6th June, 1951.

Statement A

CONSOLIDATED

LEVER BROTHERS & UNILEVER LIMITED AND LEVER

igures shown in italics epresent deductions

In considering this Statement, it should be borne in mind that

31st December 1949 LIMITED	N.V.	COMBINED	CAPITAL EMPLOYED	31st December 1950 LIMITED	N.V.	COMBINED
£	£	£		£	£	£
56,293,751	**20,031,579**	**76,325,330**	**(I) Preferential Capital—Parent Companies**	**56,293,751**	**20,031,579**	**76,325,330**
			(II) Ordinary Capital and Reserves—			
13,694,008	15,941,353	29,635,361	(*a*) Ordinary Capital—Parent Companies	13,694,008	15,941,353	29,635,361
19,654,107	21,541,955	41,196,062	(*b*) Capital Reserves	23,413,236	25,919,762	49,332,998
48,295,564	15,075,024	63,370,588	(*c*) Revenue Reserves and Exchange Surpluses	56,679,148	22,155,045	78,834,193
11,000,000	—	11,000,000	(*d*) Future United Kingdom taxation	12,000,000	—	12,000,000
92,643,679	**52,558,332**	**145,202,011**	**Ordinary Shareholders' Funds—Parent Companies**	**105,786,392**	**64,016,160**	**169,802,552**
13,216,254	**4,886,694**	**18,102,948**	**(III) Outside shareholders' interests in subsidiaries**	**13,473,827**	**4,821,804**	**18,295,631**
1,774,870	**32,076,938**	**33,851,808**	**(IV) Long term liabilities**	**12,064,995**	**32,399,945**	**44,464,940**
11,569,126	**11,569,126**	—	**(V) LIMITED/N.V. Inter-Group items**	***11,179,112***	**11,179,112**	—
152,359,428	**121,122,669**	**273,482,097**		**176,439,853**	**132,448,600**	**308,888,453**
			EMPLOYMENT OF CAPITAL			
£	£	£		£	£	£
38,887,831	**25,764,207**	**64,652,038**	**(VI) Premiums,** less discounts, at which shares in subsidiaries are held, including Goodwill	**37,131,370**	**25,552,403**	**62,683,773**
64,263,416	**57,877,713**	**122,141,129**	**(VII) Land, Buildings, Plantations, Ships, Plant and Equipment**	**74,880,888**	**68,385,224**	**143,266,112**
25,752,720	*20,707,234*	*46,459,954*	Less Provision for depreciation	*27,190,584*	*23,129,683*	*50,320,267*
77,398,527	**62,934,686**	**140,333,213**		**84,821,674**	**70,807,944**	**155,629,618**
—	**6,895,627**	**6,895,627**	**(VIII) Interests not consolidated**	—	**6,692,376**	**6,692,376**
3,906,353	**2,421,139**	**6,327,492**	**(IX) Trade Investments**	**3,889,241**	**2,352,273**	**6,241,514**
81,304,880	**72,251,452**	**153,556,332**	**FIXED ASSETS**	**88,710,915**	**79,852,593**	**168,563,508**
			(X) Current Assets—			
71,529,919	50,642,270	122,172,189	(*a*) Stocks	78,470,992	64,602,415	143,073,407
44,854,419	25,002,993	69,857,412	(*b*) Debtors and payments in advance	54,545,536	28,808,024	83,353,560
—	—	—	(*c*) Instalment on $3\frac{3}{4}\%$ Debenture Stock	4,850,000	—	4,850,000
923,927	16,469,643	17,393,570	(*d*) Short term advances and investments	1,715,109	17,539,646	19,254,755
9,167,087	13,004,344	22,171,431	(*e*) Balances at bankers and cash in hand	12,591,333	13,872,972	26,464,305
26,475,352	105,119,250	231,594,602		152,172,970	124,823,057	276,996,027
			(XI) Current Liabilities and Provisions—			
26,295,693	*28,207,958*	*54,503,651*	(*a*) Creditors and accrued liabilities	*30,730,084*	*27,433,665*	*58,163,749*
9,722,222	*11,808,572*	*21,530,794*	(*b*) Short term borrowings	*12,116,483*	*21,112,425*	*33,228,908*
15,881,131	*13,974,582*	*29,855,713*	(*c*) Provision for taxation	*18,238,678*	*21,015,350*	*39,254,028*
1,285,815	*105,734*	*1,391,549*	(*d*) Provision for deferred repairs	*906,854*	—	*906,854*
2,235,943	*2,151,187*	*4,387,130*	(*e*) Dividends—net	*2,451,933*	*2,665,610*	*5,117,543*
55,420,804	*56,248,033*	*111,668,837*		*64,444,032*	*72,227,050*	*136,671,082*
71,054,548	**48,871,217**	**119,925,765**	**NET CURRENT ASSETS**	**87,728,938**	**52,596,007**	**140,324,945**
52,359,428	**121,122,669**	**273,482,097**		**176,439,853**	**132,448,600**	**308,888,453**

NOTES

Foreign currencies have been converted into sterling or guilders on the following bases:

Fixed assets—as far as practicable, at the average rates ruling in the year of acquisition or valuation.

Current assets and liabilities—at the rates ruling at the date of the Balance Sheets.

The sterling equivalents of all N.V. figures have been calculated at the rate of £1 = Fl. 10·64.

(II) (*a*) The Equalisation Agreement provides that the relationship between the Ordinary Capitals of LIMITED and N.V., for dividend purposes and on liquidation, shall be based on a rate of £1 = Fl. 12.

(*b*) and (*c*) Details are given on Statement E. The capital reserves of N.V. are subject to any losses that may arise on interests not consolidated referred to under (VIII) below.

(*d*) The reserve is estimated to cover income tax on all profits to date subject to future assessment.

(IV) The increase in LIMITED arises mainly from the issue of £10,000,000 3¾% Debenture Stock 1955/75 by the Parent Company.

Long term liabilities are secured to the extent of LIMITED £10,151,493, N.V. £435,223.

(V) This is the net balance of several accounts and incorporates loans of £11,500,000 by the LIMITED Group to the N.V. Group which are secured on shares of subsidiaries of N.V.

(VI) The decrease mainly arises from surpluses on the revaluation of buildings and plant.

(VII) Details are given on Statement D.

(VIII) This comprises interests in Czechoslovakia, Yugoslavia, Roumania, Poland, Hungary and China.

(IX) In LIMITED, trade investments are shown at net book value at 31st December, 1947, with additions at cost, less £74,165 written off since that date. In N.V. the consolidation of certain interests formerly shown as trade investments has caused a reduction in this item.

(X) (*a*) In 1950 a change in basis of valuation of stocks has been made by the American Lever Company and is referred to in the Report of the Directors.

(*c*) This was received on 12th January 1951.

(*d*) This item mainly consists of Treasury Bills, but includes quoted investments LIMITED £1,073,967, N.V. £532,583—market value LIMITED £1,051,426, N.V. £881,051—and unquoted investments LIMITED £141,142, N.V. £160,103.

(XI) (*b*) In the case of the N.V. Group, these are secured to the extent of £2,071,249.

(*c*) In LIMITED, the provision for taxation includes the United Kingdom profits tax liability on the profits of 1950 and the proposed distributions. In N.V., it covers taxation and contingencies.

(*d*) In LIMITED, the net decrease of £378,961 is made up of £426,000 charged against the balance at 31st December 1949, in respect of repairs executed in 1950, less further provisions of £47,039.

GENERAL. In order to conform to the seasonal nature of their operations, the financial year of some subsidiaries having interests in Africa ends on 31st August. With the consent of the Board of Trade the accounts of these companies have been consolidated on the basis of estimated accounts at 31st December.

There are contingent liabilities under forward contracts, guarantees and other agreements.

The estimated commitments for capital expenditure at 31st December 1950, were approximately—LIMITED £9,000,000, N.V. £3,500,000.

Statement B

Figures shown in italics represent deductions

CONSOLIDATED PROFIT

LEVER BROTHERS & UNILEVER LIMITED AND LEVER

In considering this Statement, it should be borne in mind that

1949 LIMITED	1949 N.V.	1949 COMBINED		1950 LIMITED	1950 N.V.	1950 COMBINED
£	£	£		£	£	£
29,807,927	**13,267,211**	**43,075,138**	**(I) Balances from Trading Account**	**34,318,448**	**30,930,492**	**65,248,940**
3,103,472	*3,501,367*	*6,604,839*	(*a*) Provision for depreciation	*3,925,589*	*3,926,075*	*7,851,664*
2,650,000	*1,597,744*	*4,247,744*	(*b*) Reserves for replacement of fixed assets	*2,650,000*	*2,293,233*	*4,943,233*
171,007	*68,083*	*239,090*	(*c*) Emoluments of Directors	*167,148*	*67,777*	*234,925*
26,480	*9,520*	*36,000*	(*d*) Pensions to former Directors	*28,300*	*9,520*	*37,820*
23,856,968	**8,090,497**	**31,947,465**	**(II) TRADING PROFIT**	**27,547,411**	**24,633,887**	**52,181,298**
602,570	81,303	683,873	(III) Income from Trade Investments	659,963	133,526	793,489
—	1,823,308	1,823,308	(IV) Reserves for Stocks	*750,000*	*1,879,699*	*2,629,699*
1,566,324	3,116,224	4,682,548	(V) Exceptional items	*83,817*	*328,642*	*412,459*
47,447	*768,945*	*816,392*	(VI) Interest on long term liabilities	*94,578*	*960,386*	*1,054,964*
18,917	18,917	—	(VII) Inter-Group interest	38,796	*38,796*	—
25,959,498	**12,361,304**	**38,320,802**	**(VIII) PROFIT BEFORE TAXATION**	**27,317,775**	**21,559,890**	**48,877,665**
			(IX) Taxation on profit—			
14,206,495	*4,093,664*	*18,300,159*	(*a*) Amount based on the profit of the year, including foreign taxes	*16,378,066*	*13,048,720*	*29,426,786*
585,588	145,547	731,135	(*b*) Adjustments relating to previous years	708,787	258,633	967,420
13,620,907	*3,948,117*	*17,569,024*		*15,669,279*	*12,790,087*	*28,459,366*
12,338,591	**8,413,187**	**20,751,778**	**(X) PROFIT AFTER TAXATION**	**11,648,496**	**8,769,803**	**20,418,299**
611,082	*560,569*	*1,171,651*	**(XI) Proportion attributable to outside shareholders' interests in subsidiaries**	*650,146*	*541,278*	*1,191,424*
11,727,509	**7,852,618**	**19,580,127**	**(XII) CONSOLIDATED NET PROFIT**	**10,998,350**	**8,228,525**	**19,226,875**

Statement B

Figures shown in italics represent deductions

NOTES

Foreign currencies have been converted into sterling or guilders at the average rates of the year. Depreciation has been provided on the sterling or guilder value of the fixed assets converted, as far as practicable, at the average rates ruling in the year of acquisition or valuation.

The sterling equivalents of all N.V. figures have been calculated at the rate of £1=Fl. 10·64.

(I) The adoption in 1950 by the American Lever Company of the LIFO principle of valuation of stocks has caused the trading profit of N.V. to be lower by approximately £3,150,000 than if the stocks had been valued on the FIFO basis used in previous years.

(*b*) The amounts set aside to the reserves for replacement of fixed assets represent the difference between applying normal depreciation rates to the current replacement costs of fixed assets as estimated by the Directors and applying them to original cost or valuation.

(*c*) These amounts comprise salaries and pension fund contributions of the Directors of the Parent Companies, all of whom devote their full time to the business. No Directors' fees are paid.

(II) Trading profit includes income from quoted investments LIMITED £30,660 (£25,959), N.V. £13,253 (£10,606).

(IV) The transfers to the reserves for stocks have been made because profits have arisen on the turnover of stocks purchased at prices below replacement cost.

(V) Exceptional items include—

LIMITED—Exchange differences £271,702 (£1,575,452). Debenture issue expenses, including discount *£375,576* (nil).

N.V.—Exchange differences *£206,963* (£4,105,430).

(IX) In LIMITED taxation on profit comprises United Kingdom income and profits tax of *£14,943,217* less foreign tax relief of £5,696,096, and foreign taxes of *£6,422,158*. The additional profits tax on distributions declared and proposed is included.

(XII) The 1950 profits shown at (VIII), (X) and (XII) are after setting aside reserves for replacement of fixed assets and for stocks. In 1949 they were after crediting net exchange differences arising mainly on consolidation and writing back stock reserve, and after setting aside reserves for replacement of fixed assets.

Statement C

Figures shown in italics represent deductions

APPROPRIATION OF

LEVER BROTHERS & UNILEVER LIMITED AND LEVER

In considering this Statement, it should be borne in mind that

1949				1950		
LIMITED	N.V.	COMBINED		LIMITED	N.V.	COMBINED
£	£	£		£	£	£
11,727,509	**7,852,618**	**19,580,127**	**Consolidated Net Profit (Statement B)**	**10,998,350**	**8,228,525**	**19,226,875**
			Preferential Dividends of Parent Companies—			
2,518,906	*190,789*	*2,709,695*	7% Preference	*2,518,906*	*190,789*	*2,709,695*
—	*615,429*	*615,429*	6% Preference	—	*615,429*	*615,429*
118,000	—	*118,000*	5% Preference	*118,000*	—	*118,000*
—	*281,955*	*281,955*	4% Redeemable Preference	—	*281,955*	*281,955*
1,252,940	—	*1,252,940*	8% A Preference	*1,252,940*	—	*1,252,940*
457,463	—	*457,463*	20% Preferred Ordinary	*457,463*	—	*457,463*
4,347,309	*1,088,173*	*5,435,482*		*4,347,309*	*1,088,173*	*5,435,482*
1,956,256	—	1,956,256	*Less:* United Kingdom income tax	1,956,256	—	1,956,256
2,391,053	*1,088,173*	*3,479,226*		*2,391,053*	*1,088,173*	*3,479,226*
9,336,456	**6,764,445**	**16,100,901**	**Profit accruing to Ordinary and Deferred Capital**	**8,607,297**	**7,140,352**	**15,747,649**
			Ordinary and Deferred Dividends of Parent Companies proposed—			
1,369,401	*1,438,856*	*2,808,257*	Ordinary (LIMITED 13½%; N.V. 12%)	*1,848,691*	*1,940,030*	*3,788,721*
6,000	—	*6,000*	Deferred	*6,000*	—	*6,000*
618,930	—	618,930	*Less:* United Kingdom income tax	880,978	—	880,978
756,471	*1,438,856*	*2,195,327*		*973,713*	*1,940,030*	*2,913,743*
8,579,985	**5,325,589**	**13,905,574**	**Profit retained**	**7,633,584**	**5,200,322**	**12,833,906**
			Represented by additions to—			
2,000,000	—	2,000,000	General Reserves of Parent Companies	2,151,512	652,972	2,804,484
353,763	87,868	441,631	Profits carried forward by Parent Companies	336,910	118,601	455,511
6,226,222	5,237,721	11,463,943	Profits retained by subsidiaries	5,145,162	4,428,749	9,573,911
8,579,985	5,325,589	13,905,574		7,633,584	5,200,322	12,833,906

NOTES

The sterling equivalents of all N.V. figures have been calculated at the rate of £1 = Fl. 10.64.

The net profits of the Parent Companies included in the Consolidated Net Profit are :—

1949		1950
£		£
5,501,287	LIMITED	5,853,188
2,614,897	N.V.	3,799,776

The above profits include revenue from subsidiaries to the extent to which profits of direct subsidiaries have been declared as dividends.

A number of direct subsidiaries are themselves holding companies. The results of these companies incorporate the results of their subsidiaries as if they were branches after making provision for taxes that would become payable if their profits were distributed to their holding companies. Dividends declared by direct subsidiaries may therefore be represented partly by dividends, including stock dividends, from their subsidiaries and partly by profits retained by those subsidiaries for the development of their businesses. The direct subsidiaries have retained, in the aggregate, amounts at least equivalent to the profits of the year which are subject to restrictions on distribution.

In 1949 the profits shown as retained by subsidiaries included exchange surpluses arising mainly on consolidation.

Statement D

Figures shown in italics represent deductions

LAND, BUILDINGS, PLANTATIONS, SHIPS, PLANT AND EQUIPMENT

Representing a consolidation of the figures of LIMITED and N.V. and their subsidiaries.

1949				1950		
LIMITED	N.V.	COMBINED		LIMITED	N.V.	COMBINED
£	£	£	**COST OR VALUATION**	£	£	£
55,942,510	39,552,060	95,494,570	At 1st January	64,846,489	58,347,464	123,193,953
9,530,911	6,536,368	16,067,279	Expenditure	11,891,487	13,040,289	24,931,776
584,002	*559,676*	*1,143,678*	Proceeds of sales	*1,613,598*	*3,473,358*	*5,086,956*
626,003	*478,444*	*1,104,447*	Adjustments in respect of disposals	*243,490*	470,829	227,339
—	12,827,405	12,827,405	Western Germany and Austria: At 31st December, 1949			
64,263,416	57,877,713	122,141,129	At 31st December	74,880,888	68,385,224	143,266,112
			DEPRECIATION			
23,576,054	17,675,704	41,251,758	At 1st January	24,556,189	20,722,168	45,278,357
3,103,472	2,094,626	5,198,098	Charged to revenue	3,925,589	3,926,075	7,851,664
926,806	*856,606*	*1,783,412*	Adjustments in respect of disposals	*1,291,194*	*1,518,560*	*2,809,754*
—	1,793,510	1,793,510	Western Germany and Austria: At 31st December, 1949			
25,752,720	20,707,234	46,459,954	At 31st December	27,190,584	23,129,683	50,320,267
			NET BALANCE SHEET VALUES			
20,068,914	18,701,668	38,770,582	Land, Buildings and Plantations	23,483,816	22,674,149	46,157,965
18,441,782	18,468,811	36,910,593	Ships, Plant and Equipment	24,206,488	22,581,392	46,787,880
38,510,696	37,170,479	75,681,175	At 31st December	47,690,304	45,255,541	92,945,845

In addition to provisions for depreciation, amounts have been transferred in the last four years to reserves for replacement of fixed assets which, at 31st December, 1950, amounted to LIMITED £13,694,421, N.V. £8,744,118, Combined £22,438,539.

NOTES

The differences between the balances at 31st December, 1949, and those shown at 1st January, 1950, arise from the adoption of revaluations of existing assets, and the acquisition of new businesses. Surpluses on valuations have been applied against Premiums.

Land, Buildings, Plantations, Ships, Plant and Equipment are stated at cost in some cases and in others as valued by Directors at various dates.

Provisions for depreciation include amounts set aside prior to acquisition. In some countries where revaluation of fixed assets has been carried out, depreciation provisions have also been revalued on a similar basis.

Statement E

Figures shown in italics represent deductions

CAPITAL AND REVENUE RESERVES AND EXCHANGE SURPLUSES

Representing a consolidation of the figures of LIMITED and N.V. and their subsidiaries.

31st December 1949				31st December 1950		
LIMITED	N.V.	COMBINED	**CAPITAL RESERVES**	LIMITED	N.V.	COMBINED
£	£	£		£	£	£
7,219,107	6,727,536	13,946,643	Premiums on Capital issued by the Parent Companies	7,219,107	6,727,536	13,946,643
1,669,161	5,075,145	6,744,306	Surplus on valuation of shares in subsidiaries and trade investments	1,669,161	5,265,316	6,934,477
9,933,958	4,600,500	14,534,458	Fixed assets replacement	13,694,421	8,744,118	22,438,539
831,881	5,138,774	5,970,655	Other	830,547	5,182,792	6,013,339
19,654,107	21,541,955	41,196,062		23,413,236	25,919,762	49,332,998
			REVENUE RESERVES AND EXCHANGE SURPLUSES			
			Parent Companies			
18,848,488	4,046,275	22,894,763	General reserves	21,000,000	4,699,247	25,699,247
3,912,002	1,337,156	5,249,158	Profits carried forward	4,248,912	1,455,757	5,704,669
19,035,074	8,131,443	27,166,517	General reserves and profits carried forward of subsidiaries and exchange surpluses	24,180,236	12,560,192	36,740,428
6,500,000	1,560,150	8,060,150	Stock reserves	7,250,000	3,439,849	10,689,849
48,295,564	15,075,024	63,370,588		56,679,148	22,155,045	78,834,193

Revenue reserves and exchange surpluses cannot be remitted to the extent that they comprise (a) substantial amounts retained by subsidiaries to finance fixed assets or working capital or because of currency and other restrictions, and (b) exchange surpluses arising on consolidation estimated at £3,400,000 for N.V.

EXPLANATIONS OF MOVEMENTS

Surplus on valuation of shares in subsidiaries and trade investments

The increase of £190,171 in N.V. represents the restoration of the amount charged to this reserve in 1946 in respect of war losses in the Philippines which have now been recovered.

Fixed assets replacement reserve

The increases mainly consist of the Parent Companies' proportions of the amounts set aside out of current revenue—LIMITED £2,650,000, N.V. £2,293,233—and surpluses on disposals of fixed assets — LIMITED £919,079, N.V. £1,886,290.

Other capital reserves

The increase of £44,018 for N.V. represents an adjustment to the figures for Western Germany included in the Consolidated Balance Sheet at 31st December 1949.

Revenue reserves and exchange surpluses

The increases to stock reserves are due to charges against profits LIMITED £750,000, N.V. £1,879,699. The increases to the remaining items are shown in the Appropriation of Consolidated Net Profits (Statement C).

Statement F

Figures shown in italics represent deductions

LEVER BROTHERS &

BALANCE SHEET AT

1949 £	1949 £	CAPITAL EMPLOYED	Authorised £	Issued and fully paid £	£
		(I) Preferential Capital—			
	35,984,690	7% Cumulative Preference } Ranking pari passu	35,984,690	35,984,690	
	2,360,000	5% Cumulative Preference } Ranking pari passu	4,015,310	2,360,000	
	15,661,749	8% Cumulative A Preference	40,000,000	15,661,749	
	2,287,312	20% Cumulative Preferred Ordinary	2,287,312	2,287,312	
56,293,751			82,287,312		**56,293,751**
		(II) Ordinary and Deferred Capital and Reserves—			
		(*a*) Capital—			
	13,694,008	Ordinary	59,031,438	13,694,008	
	100,000	Deferred	100,000	100,000	
	13,794,008		59,131,438	13,794,008	
	10,338,980	(*b*) Capital Reserves		10,502,370	
	26,760,490	(*c*) Revenue Reserves		29,248,912	
	1,375,000	(*d*) Future United Kingdom Taxation		935,000	
52,268,478					**54,480,290**
		(III) Long Term Liabilities—			
—		3¾% Debenture Stock, 1955/75			**10,000,000**
108,562,229					**120,774,041**
		Less:			
13,256,335		**(IV) Indebtedness of N.V. Group**			***13,172,252***
95,305,894					**107,601,789**

1949 £	1949 £	EMPLOYMENT OF CAPITAL	Cost £	Depreciation £	£	£	£
		(V) Fixed Assets—					
	2,238,928	(*a*) Land and buildings	2,883,361	*647,967*		2,235,394	
	456,121	(*b*) Plant and office equipment	1,261,424	*635,030*		626,394	
	2,695,049		4,144,785	*1,282,997*		2,861,788	
	2,245,343	(*c*) Trade investments—at net book value at 31st December, 1947				2,245,343	
4,940,392							**5,107,131**
		(VI) Interests in Subsidiaries—					
	91,300,158	(*a*) Shares at Directors' valuation at 31st December, 1937, with additions at cost				89,936,364	
	32,648,817	(*b*) Loans and current accounts (including dividends receivable)				38,349,218	
	123,948,975					128,285,582	
	31,288,337	(*c*) Less: Deposits and current accounts (less dividends receivable)				*25,547,108*	
92,660,638							**102,738,474**
		(VII) Current Assets—					
	557,523	Debtors and payments in advance			286,250		
	—	Instalment on 3¾% Debenture Stock			4,850,000		
	—	Short term investments			500,000		
	2,482,033	Balances at bankers and cash in hand			345,820		
	3,039,556					5,982,070	
		(VIII) Current Liabilities—					
	1,372,608	Trade creditors, deposits and accrued liabilities			*1,276,617*		
	1,060,000	Short term borrowings			*1,450,887*		
	950,087	United Kingdom taxation			*1,329,144*		
	1,951,997	Dividends (net) including those proposed on Ordinary and Deferred Capital			*2,169,238*		
	5,334,692					*6,225,886*	
2,295,136							*243,816*
95,305,894							**107,601,789**

GEOFFREY HEYWORTH, *Chairman*

PAUL RYKENS, *Vice-Chairman*

NOTES

(II) (*a*) £50,000 Deferred Stock is held by a subsidiary of LIMITED and £50,000 by a subsidiary of N.V.

(*b*) The details of Capital Reserves are—

1949		1950
£		£
7,219,107	Premiums on issues of capital	7,219,107
1,669,161	Surplus on valuation 31st December, 1937, of shares in subsidiaries and trade investments	1,669,161
665,090	Excess profits tax post-war refund	665,090
785,622	Fixed assets replacement	949,012
10,338,980		10,502,370

The increase in the fixed assets replacement reserve represents further amounts set aside during the year.

(*c*) The details of Revenue Reserves are—

1949		1950
£		£
18,848,488	General reserve	21,000,000
3,912,002	Profit carried forward	4,248,912
4,000,000	Stock reserve	4,000,000
26,760,490		29,248,912

Details of the increases are shown on the Appropriation of Consolidated Net Profits (Statement C).

(*d*) The reserve is estimated to cover income tax on all profits to date subject to future assessment.

(III) An issue of £10,000,000 3¾% Debenture Stock 1955/75 was made in October. The final instalment was received on 12th January, 1951.

(IV) This includes a loan of £11,000,000 which is secured on the shares of subsidiaries of N.V.

(VI) (*b*) Amounts shown as owing by subsidiaries on loans and current accounts include substantial sums which, because of their retention by subsidiaries for capital purposes or owing to currency restrictions, cannot be remitted.

GENERAL. There are contingent liabilities under guarantees and agreements on account of subsidiaries of LIMITED and N.V.

There are outstanding commitments to pay The Union Pension Fund six annual instalments of £136,545 and to pay The Union Superannuation Fund four annual instalments of £57,700.

The estimated commitments for capital expenditure at 31st December, 1950, were £2,250,000, including £2,150,000 on behalf of subsidiaries.

Foreign currencies have been converted into sterling at the rates ruling at the date of the balance sheet.

Statement G

Figures shown in italics represent deductions

LEVER BROTHERS

BALANCE SHEET AT

(Translation)

1949 Fl.	1949 Fl.		Authorised Fl.	Issued and fully paid Fl.	Fl.
		CAPITAL EMPLOYED			
		(I) Preferential Capital—			
	29,000,000	7% Cumulative Preference (Ranking pari passu)	30,000,000	29,000,000	
	109,136,000	6% Cumulative Preference (Ranking pari passu)	125,000,000	109,136,000	
	75,000,000	4% Redeemable Cumulative Preference (Ranking pari passu)	75,000,000	75,000,000	
213,136,000			230,000,000		**213.136,000**
		(II) Ordinary Capital and Reserves—			
	172,016,000	(*a*) Ordinary Capital	300,000,000	172,016,000	
	125,580,522	(*b*) Capital Reserves		127,603,947	
	57,279,706	(*c*) Revenue Reserves		65,489,247	
354,876,228					**365,109,194**
568,012,228					**578,245,194**
		(III) Long Term Liabilities—			
74,960,000		3½% Convertible Notes			**74,960,000**
22,159,546		**(IV) Indebtedness to LIMITED Group**			**21,466,715**
665,131,774					**674,671,909**

Fl.	Fl.		Fl.	Fl.	Fl.
		EMPLOYMENT OF CAPITAL			
		(V) Interests in Subsidiaries—			
	310,450,519	Shares at Directors' valuation 31st December, 1939, with additions at cost		312,473,944	
	352,809,470	Loans and current accounts (including dividends receivable)		374,450,790	
	663,259,989			686,924,734	
	39,151,286	Less: Deposits and current accounts		*38,131,008*	
624,108,703					**648,793,726**
		(VI) Current Assets—			
	9,606,255	Debtors and payments in advance (Fl. 355,364)	2,444,819		
	37,700,167	Short term investments	50,300,104		
	40,255,024	Balances at bankers and cash in hand	21,931,344		
	87,561,446			74,676,267	
		(VII) Current Liabilities and Provisions—			
	11,794,470	Creditors, deposits and accrued liabilities	*10,022,015*		
	13,645,401	Provision for taxation and contingencies	*12,345,069*		
	21,098,504	Dividends, including that proposed on Ordinary Capital	*26,431,000*		
	46,538,375			*48,798,084*	
41,023,071					**25,878,183**
665,131,774					**674,671,909**

PAUL RYKENS, *Chairman*

ARTHUR HARTOG, *Vice-Chairman*

NOTES

(I) The 4% Redeemable Cumulative Preference Capital is redeemable at par at the Company's option either wholly or in part after 31st December, 1955.

(II) (*a*) Fl. 1,200,000 Ordinary Capital is held by a subsidiary of N.V. and Fl. 1,200,000 is held by a subsidiary of LIMITED.

(*b*) The details of Capital Reserves are—

1949 Fl.		1950 Fl.
71,580,985	Premiums on issues of capital	71,580,985
53,999,537	Surplus on valuation 31st December, 1939, of shares in subsidiaries	56,022,962
125,580,522		127,603,947

The increase of Fl. 2,023,425 in the surplus on valuation 31st December, 1939, of shares in subsidiaries represents the restoration of the amount charged against this reserve in 1946 in respect of war losses sustained in the Philippines, which have now been recovered.

These reserves are subject to any provisions which may be required against interests in Czechoslovakia, Yugoslavia, Roumania, Poland, Hungary and China held by subsidiaries at a book value of Fl. 71,206,883.

(*c*) The details of Revenue Reserves are—

1949 Fl.		1950 Fl.
43,052,371	General reserve	50,000,000
14,227,335	Profit carried forward	15,489,247
57,279,706		65,489,247

Details of the increases are shown on the Appropriation of Consolidated Net Profits (Statement C) at their sterling equivalents.

(III) Under the terms of the issue, the notes are convertible into Ordinary Capital at the holders' option.

(V) Amounts shown as owing by subsidiaries on loans and current accounts include substantial sums which, because of their retention by subsidiaries for capital purposes or owing to currency restrictions, cannot be remitted.

(VI) Debtors and payments in advance have been shown after provision for doubtful debts.

GENERAL.—There are contingent liabilities under guarantees and agreements on account of subsidiary and other companies.

Foreign currencies have been converted into guilders at the rates ruling at the date of the balance sheet.

LIMITED AND N.V. GROUPS

TURNOVER OF PRINCIPAL COMMODITIES

Supplies of marketable products—for use as raw materials—and services by one industry to other industries within the organisation are included in order to provide a proper ratio of turnover to capital employed and profits earned.

In the case of production in the United Kingdom for the Ministry of Food and produce purchased for the West African Marketing Boards, a value has been included based on the Government controlled prices.

1949 Metric Tons	1949 £		1950 Metric Tons	1950 £
981,000	125,731,000	Margarine, edible fats and salad oils	1,117,000	162,489,000
	54,682,000	Other foods for human consumption		70,170,000
2,486,000	271,333,000	Other vegetable and animal oils and fats	2,841,000	321,710,000
2,216,000	42,572,000	Animal feeding stuffs	2,518,000	64,053,000
1,054,000	116,962,000	Soap and other detergents	1,239,000	151,739,000
	15,429,000	Toilet preparations, including perfumes		17,442,000
	21,940,000	Miscellaneous manufactures, including glycerine		28,618,000
1,136,000	63,752,000	Produce (mainly tropical produce handled by the United Africa Group) including timber products	1,059,000	71,452,000
	78,275,000	Merchandise (mainly handled by the United Africa Group)		90,865,000
	10,221,000	Services (including ocean, river and road transport)		10,332,000
	800,897,000	TOTAL VALUE		**988,870,000**

1949 £		1950 £
	Represented by:—	
490,123,000	(a) Sales to third parties	623,361,000
113,510,000	(b) Value of production for the Ministry of Food and produce purchased for the West African Marketing Boards	121,896,000
197,264,000	(c) Supplies of marketable products and services within the organisation	243,613,000
800,897,000		**988,870,000**

1949		1950
	Expressed as percentages of the above total values:—	
£17,569,024 or 2·19%	Direct taxation on profits	£28,459,366 or 2·88%
	Dividends:—	
£4,449,580 or 0·56%	Preferential	£4,445,683 or 0·45%
£2,209,855 or 0·28%	Ordinary	£3,081,046 or 0·31%
£13,905,574 or 1·74%	Profit retained	£12,833,906 or 1·30%

PENSIONS

1949		1950
	Employees covered by—	
64,100	Companies' Pension and Provident Funds	72,200
9,500	Insurance Companies	9,400
	COMPANIES' CONTRIBUTIONS DURING YEAR—	
£	Contributions to:	£
2,363,000	Pension and Provident Funds	2,465,000
672,000	Insurance Companies	769,000
1,361,000	Pensions supplementing those paid out of the Funds and payments on termination of service	1,266,000
4,396,000		4,500,000
£	PENSION AND PROVIDENT FUNDS ADMINISTERED BY TRUSTEES ON BEHALF OF MEMBERS—	£
29,835,000	Invested outside the Organisation	33,906,000
2,366,000	Invested inside the Organisation	2,329,000
32,201,000		36,235,000

LIMITED AND N.V. GROUPS

SUMMARY OF CONSOLIDATED FIGURES 1937-1950

(000's *omitted*)

Years	Preferential Capital	Ordinary Shareholders' Funds		Outside Shareholders' Interests	Long Term Liabilities	Total Capital Employed	Turnover
		Capital	Reserves				
	£	£	£	£	£	£	£
1937–1938—average	70,413	30,219	26,621	21,701	16,092	165,046	235,644
1939–1944—average	69,208	29,183	40,263	16,914	9,684	165,252	—
1945	72,376	29,450	56,190	16,959	12,311	187,286	307,348
1946	72,376	29,534	63,939	17,109	10,270	193,228	338,498
1947	76,201	29,557	78,757	17,168	10,402	212,085	479,312
1948	76,230	29,557	91,146	17,311	18,233	232,477	617,508
1949	76,325	29,635	115,567	18,103	33,852	273,482	800,897
1950	76,325	29,635	140,167	18,296	44,465	308,888	988,870

Years	Profit before Taxation	Taxation	Profit attributable to Outside Share-holders' Interests	Dividends		Profit Retained after transfers to specific reserves	Profit in Relation to Ordinary Shareholders' Funds	
				Preferential	Ordinary and Deferred		Distributed	Retained
	£	£	£	£	£	£	%	%
1937–1938—average	16,284	6,246	1,796	3,928	2,273	2,041	4·0	3·6
1939–1944—average	19,122	11,600	910	3,034	1,222	2,356	1·8	3·4
1945	21,827	13,092	885	2,816	1,089	3,945	1·3	4·6
1946	23,040	13,754	1,018	3,162	2,186	2,920	2·3	3·1
1947	26,321	16,773	1,036	3,398	2,188	2,926	2·0	2·7
1948	25,558	14,096	1,004	3,474	2,188	4,796	1·8	4·0
1949	38,321	17,569	1,172	3,479	2,195	13,906	1·5	9·6
1950	48,877	28,459	1,191	3,479	2,914	12,834	1·7	7·5

Some of the figures for 1937/38 and the war years are approximations.

1950

LEVER BROTHERS
&
UNILEVER LIMITED

ANNUAL REPORT AND
STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED
31st DECEMBER 1950

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of the Members of the above-named Company will be held at the Hall of the Chartered Insurance Institute, 20, Aldermanbury, London, E.C.2, on Thursday, the 12th July, 1951, at 11 a.m., for the following purposes, namely :—

1. To receive and consider the Annual Statement of Accounts and Balance Sheet, and the Reports of the Directors and Auditors thereon.
2. To sanction the declaration of dividends on the Ordinary Stock and the Deferred Stock.
3. To elect Directors.
4. To fix the remuneration of the Auditors.
5. To transact any other ordinary business of the Company.
6. To consider and, if thought fit, to pass the following Resolution as a Special Resolution :—

   " That the Articles of Association of the Company be amended by inserting the word ' twice ' after the word ' exceed ' in Article 114."

A member of the Company entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not also be a member.

The Transfer Books of the Company so far as they relate to the Ordinary Stock will be closed from the 23rd June to the 7th July, 1951, inclusive.

Dated the 19th day of June, 1951.

By Order of the Board,

H. SAUNDERS,
Secretary.

The Annual Report and Statement of Accounts are circulated to all Stockholders (including Debenture Stockholders) of the Company but holders of Debenture Stock only are not entitled to attend or vote at the above meeting.

St. Clements Press, Ltd., Portugal Street, Kingsway, London, W.C.2.