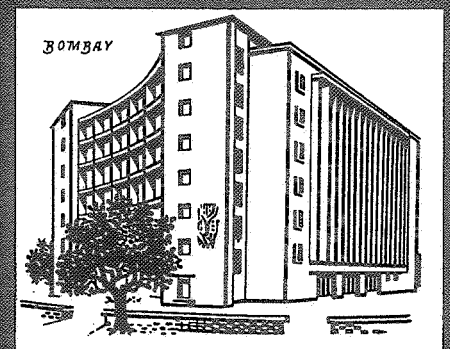
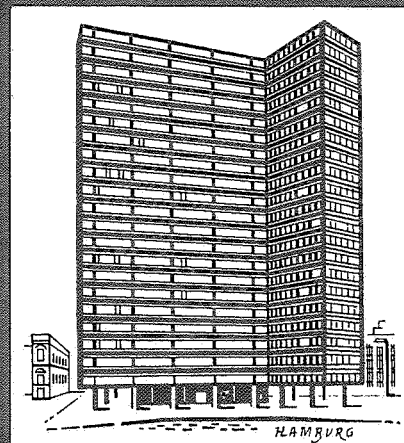
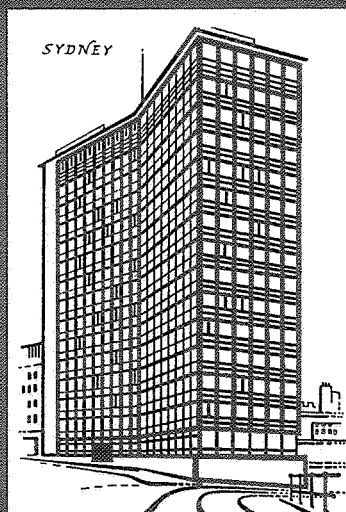


# UNILEVER

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## *Report and Accounts 1963*



## The cover illustration

Unilever's capital investment in post-war development and expansion has been almost entirely in new factories, new methods, new plant and equipment and new businesses, but this expansion has inevitably created a need for more, and improved, office accommodation. On the cover of this Report and Accounts is an artist's impression of six of the main offices.

Unilever House, London, headquarters of Unilever Limited, was built in 1932 on the site of what had been De Keyser's Royal Hotel at Blackfriars. 1,500 people work in this building.

The Museumpark headquarters of Unilever N.V. was one of the few Rotterdam buildings to escape war-time bombing. On a contiguous site, permitting a physical link with the old building, a new office block was completed in 1959, and together the buildings house 1,650 people.

The headquarters of Lever Brothers Company in New York, built in 1952, is widely regarded as one of the most imaginative and architecturally important office buildings added to the city's famous skyline in recent years. It provides office space for 1,130 people.

Unilever House, Sydney, the headquarters of our Australian businesses, was built in 1958 to accommodate 750 people previously scattered about the city in seven different places.

The Unilever German Group's new head office, occupied at the end of 1963, is the tallest office block in the city. It accommodates a staff of about 2,000.

Hindustan Lever House, also opened in 1963, gathers together 600 Unilever employees who previously worked in different parts of Bombay.

# UNILEVER

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REPORT AND ACCOUNTS

1963

# UNILEVER N.V.

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## *Directors*

F. J. TEMPEL, <i>Chairman</i>	G. D. A. KLIJNSTRA
GEORGE COLE, <i>Vice-Chairman</i>	J. F. KNIGHT
RUDOLF G. JURGENS, <i>Vice-Chairman</i>	ANDREW M. KNOX
	P. KUIN
COLIN BAXTER	D. J. MANN
J. P. VAN DEN BERGH	J. F. VAN MOORSEL
A. F. H. BLAAUW	F. J. PEDLER
A. D. BONHAM CARTER	R. H. SIDDONS
A. W. J. CARON	A. H. SMITH
H. S. A. HARTOG	J. P. STUBBS
M. M. VAN HENGEL	S. G. SWEETMAN
A. J. C. HOSKYNS-ABRAHALL	E. G. WOODROOFE

## *Advisory Directors*

J. M. HONIG  
K. P. VAN DER MANDELE  
A. E. J. NYSINGH  
J. E. DE QUAY  
PAUL RIJKENS  
JHR. J. A. G. SANDBERG

## *Secretaries*

E. A. HOFMAN  
P. A. MACRORY

## *Auditors*

PRICE WATERHOUSE & Co.  
COOPER BROTHERS & Co.

*This is a translation of the original Dutch report.*

# Contents

	Page
<b>Salient Figures</b> .....	6
<b>Report of the Directors</b> .....	7-28
The Year in Brief .....	7
Sales to Third Parties, Profit and Capital Employed by Geographical Areas 1955 and 1963 (Chart) .....	8
Return on Capital Employed and on Turnover 1954-1963 (Chart) .....	9
Summary of Combined Figures 1954-1963 .....	10
The Background .....	11
European Integration .....	11
Analysis of Turnover .....	13
Margarine and Other Edible Fats .....	14
Other Foods .....	15
Detergents .....	16
Toilet Preparations .....	17
Animal Feeding Stuffs .....	17
Chemical, Paper and other Industrial Interests .....	18
United Africa Group .....	19
Plantations .....	20
Finance .....	21
Exports .....	22
Capital Projects .....	22
Personnel .....	24
Capital and Membership .....	25
Dividends .....	25
Quarterly Reporting of Results .....	26
Directors .....	28
Auditors .....	28
<b>Reports of the Auditors</b> .....	29
<b>Consolidated Profit and Loss Accounts (Statement A)</b> .....	30-31
<b>Consolidated Balance Sheets (Statement B)</b> .....	32-35
<b>Balance Sheet—N.V. (Statement C)</b> .....	36-37
<b>Balance Sheet—Limited (Statement D)</b> .....	38-39
<b>Combined Earnings and Dividends per Share, Salient Figures in other Currencies</b> .....	40

# Salient figures

*All figures relate to the N.V. and Limited Groups combined*

Fl. million

1962		1963
19,223	TURNOVER . . . . .	19,678
14,972	OF WHICH SALES TO THIRD PARTIES	15,557
1,080	PROFIT BEFORE TAXATION . . . . .	1,203
540	TAXATION FOR THE YEAR . . . . .	608
8	EXCEPTIONAL ITEMS. . . . .	3
525	CONSOLIDATED NET PROFIT. . . . .	566
161	ORDINARY DIVIDENDS . . . . .	184
324	PROFIT RETAINED IN THE BUSINESS . .	342
6,993	CAPITAL EMPLOYED. . . . .	7,319
517	EXPENDITURE ON FIXED ASSETS—NET .	563
341	DEPRECIATION . . . . .	365
	ORDINARY DIVIDENDS*)	
Fl. 3.30	N.V. (PER FL. 20 OF CAPITAL) . . . . .	Fl. 3.78
11.76 <i>d.</i>	LIMITED (PER 5 <i>s.</i> OF CAPITAL). . . . .	13.50 <i>d.</i>

\*) The dividends are expressed on capitals as increased by the scrip issues in 1963.

Combined earnings per share are shown on page 40, where the salient figures are also given in certain other currencies.

# Report of the Directors for 1963

*to be submitted at the General Meeting of Shareholders  
to be held at the Company's offices in Rotterdam on 29th April, 1964*

## THE YEAR IN BRIEF

Turnover increased by Fl. 455 million, the rate of growth being greater in the second half of the year. Profit before tax increased by Fl. 123 million, and consolidated net profit by Fl. 41 million.\*)

Profits on margarine remained at the same level as in the previous year. The main contribution to the increase in profit came from detergents, sales of which were 10<sup>0</sup>/<sub>0</sub> higher in terms of value. Quick-frozen foods and dried soups also helped. Ice cream did better than in 1962. Profits on toilet preparations showed a recovery, but animal feeding stuffs did not come up to the record profit level of 1962.

The United Africa Group showed considerable improvement and profits recovered to their 1961 level.

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\*) The Report and Accounts as usual combine the results and operations of Unilever N.V. ("N.V.") and Unilever Limited ("LIMITED") with the guilder equivalents of the LIMITED figures calculated at the official parity at 31st December, i.e. £ 1 = Fl. 10.136.



# Sales to third parties, profit and capital employed by geographical areas

1955

1963

## SALES TO THIRD PARTIES

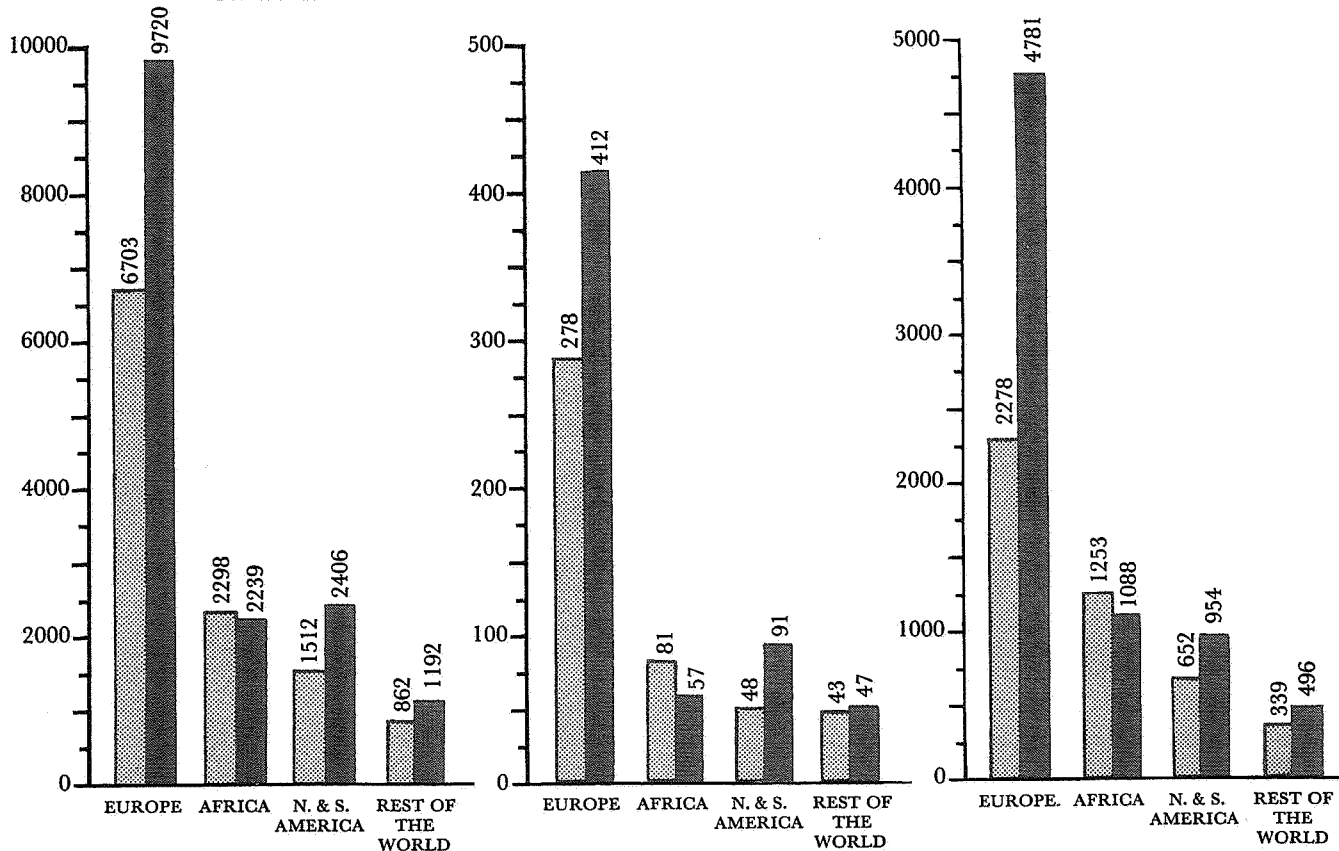
## PROFIT AFTER TAXATION, BUT BEFORE LOAN INTEREST

## CAPITAL EMPLOYED

Fl. million

Fl. million

Fl. million

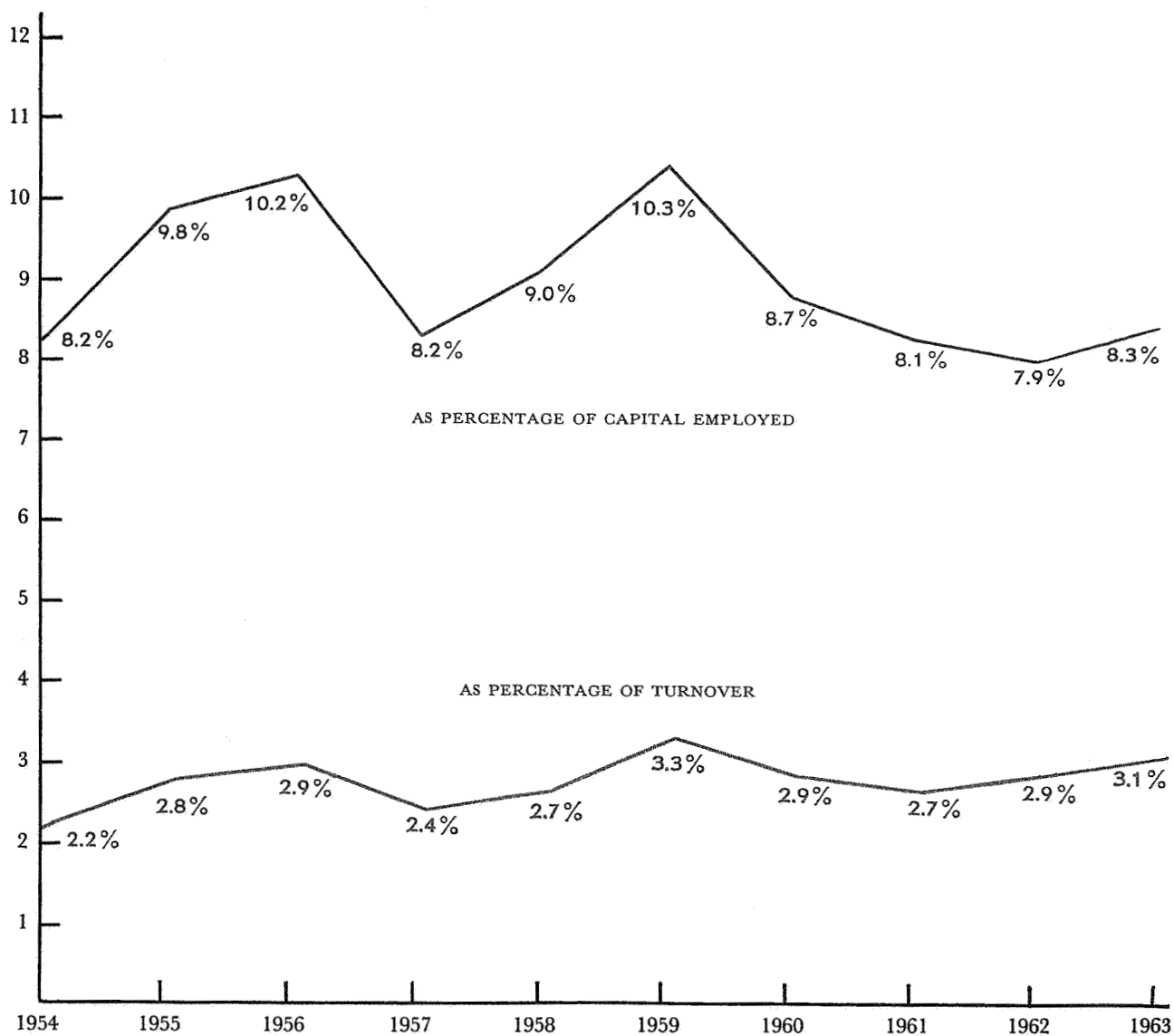


	SALES TO THIRD PARTIES		PROFIT		CAPITAL EMPLOYED	
	1955 %	1963 %	1955 %	1963 %	1955 %	1963 %
Europe	58.9	62.5	61.7	67.8	50.4	65.3
Africa	20.2	14.4	18.0	9.4	27.7	14.8
North and South America*	13.3	15.4	10.6	15.1	14.4	13.2
Rest of the World	7.6	7.7	9.7	7.7	7.5	6.7
	100.0	100.0	100.0	100.0	100.0	100.0

Here and on page 13, 1955 has been taken as the base year because, with decontrol of oils and fats in the United Kingdom in 1954, this was the first post-war year in which trading conditions approached normality.

Africa includes all our operations in that Continent —namely the manufacturing businesses, the United Africa Group operations and the plantations interests.

# Return on capital employed and on turnover 1954-1963



*The returns are based on the profit, after taxation, but before loan interest.*

# Summary of combined figures 1954-1963

UNILEVER N.V. AND UNILEVER LIMITED AND THEIR SUBSIDIARIES

Fl. million

	1954	1955	1956	1957	1958	1959	1960	1961*	1962	1963
Turnover . . . . .	<b>15,294</b>	<b>16,119</b>	<b>17,784</b>	<b>18,297</b>	<b>18,388</b>	<b>19,016</b>	<b>19,650</b>	<b>19,321</b>	<b>19,223</b>	<b>19,678</b>
of which Sales to third parties . . . . .	10,363	11,375	12,580	12,976	13,395	14,140	14,757	14,763	14,972	15,557
Profit before taxation . . . . .	737	905	1,051	908	985	1,216	1,129	1,045	1,080	1,203
Taxation for the year . . . . .	407	467	552	480	490	594	571	528	540	608
Exceptional items . . . . .	28	65	26	23	32	43	20	40	8	3
Consolidated net profit. . . . .	<b>339</b>	<b>480</b>	<b>501</b>	<b>428</b>	<b>503</b>	<b>640</b>	<b>553</b>	<b>537</b>	<b>525</b>	<b>566</b>
Dividends:—										
Preferential . . . . .	37	38	38	38	38	40	40	40	40	40
Ordinary . . . . .	63	79	88	88	105	146	155	153	161	184
Profit retained in the business . . . . .	239	363	375	302	360	454	358	344	324	342
Profit in relation to ordinary shareholders' funds:—	%	%	%	%	%	%	%	%	%	%
Distributed . . . . .	2.7	3.0	2.9	2.6	2.8	3.5	3.5	3.4	3.4	3.6
Retained . . . . .	10.5	13.7	12.3	9.0	9.7	10.8	8.1	7.7	6.8	6.8
Preferential Capital . . . . .	812	815	815	815	815	815	831	811	815	815
Ordinary shareholders' funds:—										
Capital . . . . .	560	700	700	700	875	880	881	884	885	1,179
Reserves . . . . .	1,716	1,949	2,349	2,673	2,830	3,324	3,548	3,606	3,872	3,869
Outside interest . . . . .	238	246	261	258	255	258	262	246	251	262
Loan capital . . . . .	519	497	483	461	416	416	402	392	570	541
Deferred liabilities:—										
Future and deferred taxation . . . . .	363	378	399	404	408	447	446	440	444	481
Unfunded retirement benefits . . . . .	—	—	—	—	—	—	103	129	156	172
Total Capital Employed . . . . .	<b>4,208</b>	<b>4,585</b>	<b>5,007</b>	<b>5,311</b>	<b>5,599</b>	<b>6,140</b>	<b>6,473</b>	<b>6,508</b>	<b>6,993</b>	<b>7,319</b>

\* The revaluation on 6th March, 1961, raised the guilder parity by 5%.

## THE BACKGROUND

The improvement in Unilever's fortunes resulted in part from the improvement in the world economy. Europe had a year of prosperity and the developing countries benefited from a rise in the prices of primary products. The United States economy was buoyant.

By the end of the year the boom had gathered sufficient momentum for some governments to be considering corrective action. France acted in September. Italy was worried by its rising prices and the deficit in its balance of payments. In the Netherlands the wage increases agreed in November, 1963, were the biggest since 1945, and the Government has been forced to take action to keep prices steady. In the United Kingdom, the Government sounded its first warnings of possible action to come.

The melancholy pattern of currency devaluation continued in South America (notably Brazil) and the Government of the Congolese Republic brought the value of its currency more or less into line with its purchasing power.

In a number of instances such extraneous factors as Governmental controls, excessive taxation and inflation have bitten into profits and in one or two countries it is being made very difficult for us to carry on business. The extreme case is Burma, which now levies a tax of 99% on all profits over Fl. 225,000.

Our interest in Egypt is now limited to a fee for specialist assistance and the use of trade-marks, which we receive from the business of which we formerly had a 50% share. This business was finally taken over by the state in August, 1963, compensation being payable in Egyptian state bonds.

In Indonesia, since the end of the year, there have been attempts by trade unions to take over our factories and offices, and this has now led to the business being put under the supervision of the Indonesian Ministry of People's Industry, although we retain the ownership.

## EUROPEAN INTEGRATION

There are few things more important to Unilever than Europe's move towards integration; some two-thirds of the whole business is conducted in the countries of the European Economic Community and the European Free Trade Association.

At times during the year there were fears that strains within the EEC might jeopardise its progress, but these have happily proved unjustified. Duties within the EEC on industrial products have already come down to 40% of their 1957 levels (as they have in EFTA also); the second of the three moves towards the common external tariff has been taken and, most difficult of all, in December, 1963, agreement in principle was reached on further points of the common agricultural policy, including some relating to dairy products. The decision of the Council of Ministers to adopt the proposals of the European Commission and reject the idea of making butter sales easier by making margarine and other edible fats more expensive is naturally welcome. The EEC's consumers of margarine and other edible fats are not, however, to escape scot-free. From some time after November 1st, 1964, they will be called upon to pay a levy of DM 350 million a year, this sum being mainly required to help to finance the Community's support to its olive and rapeseed growers. Any sum required for these purposes in excess of DM 350 million will be met from an EEC fund. Both the Netherlands and Germany found the idea of imposing a new consumer tax on margarine and other edible fats in the near future so unacceptable that they have insisted on being allowed for a year or two to replace the levy by contributions from their general revenues.

All who hope for European unity have been disappointed by the breakdown of the negotiations for the United Kingdom's admission to the EEC. It remains to be seen whether this setback is more than temporary. Meanwhile there are two separate groupings, EEC and EFTA, within each of which, by 1970 or even earlier, there will be no internal customs duties on industrial products. Trade between the two groupings will, however, still be impeded by tariffs, and the economy of Europe will be diverted from its natural flow.

For Unilever, this means flexible planning, and constant reappraisal of production and marketing policy. Increasing attention is, therefore, being paid to the specialisation of our European factories, particularly the hundred we have in EEC, and to making formulae, packages, brand names and marketing as international as circumstances will permit.

## ANALYSIS OF TURNOVER

	1955		1962		1963	
	Fl.	%	Fl.	%	Fl.	%
Margarine and other edible fats . . . . .	2,629,570,000	16	2,977,329,000	15	2,968,888,000	15
Other foods . . . . .	1,470,225,000	9	3,062,980,000	16	3,371,258,000	17
Detergents . . . . .	2,450,818,000	15	3,398,230,000	18	3,738,741,000	19
Oils and fats mainly for use within the organisation . . . . .	4,107,274,000	26	3,942,652,000	20	3,799,674,000	19
Toilet preparations . . . . .	240,932,000	1	432,012,000	2	470,810,000	2
Animal feeding stuffs . . . . .	1,390,435,000	9	1,838,562,000	10	1,847,940,000	10
Chemical, paper and other industrial interests . . . . .	734,692,000	5	1,013,950,000	5	1,071,947,000	5
Tropical produce . . . . .	1,138,533,000	7	360,500,000	2	319,665,000	2
Merchandise . . . . .	1,773,592,000	11	1,905,049,000	10	1,784,901,000	9
Services including transport . . . . .	183,391,000	1	291,800,000	2	303,964,000	2
	16,119,462,000	100	19,223,064,000	100	19,677,788,000	100
Represented by:—	Fl.		Fl.		Fl.	
Sales to third parties . . . . .	11,374,915,000		14,971,924,000		15,556,534,000	
Supplies of marketable products and services within the organisation . . . . .	4,194,948,000		4,181,840,000		4,089,133,000	
Value of produce purchased for the Commonwealth West African Marketing Boards . . . . .	549,599,000		69,300,000		32,121,000	
	16,119,462,000		19,223,064,000		19,677,788,000	

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

*Produce purchased for the Commonwealth West African Marketing Boards is included on the basis of prices controlled by statutory bodies.*

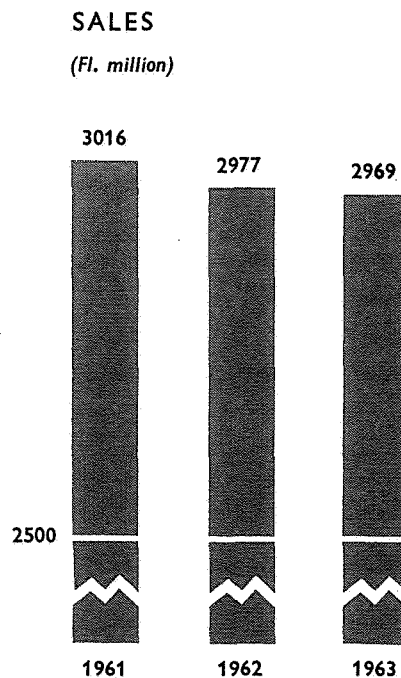
There have been no violent fluctuations as between the different commodity groups in the last two years. The changing character of the business is more clearly seen by comparing 1963 with 1955. Oils and fats for example, which are now 19% of the total, were then 26%. "Other foods", now 17%, were then only 9%. Produce and merchandise in 1955 formed 18% of the total; now, reflecting the reorientation of the United Africa Group, they have been reduced to 11%.

## MARGARINE AND OTHER EDIBLE FATS

Our edible fat business is mainly concentrated in the more prosperous countries of the world, where the growth in the consumption of fat is bound to be slow. Moreover, in our markets taken as a whole, there is very little change in the proportions in which different fats are eaten, though this is not true for particular countries. The Germans, for instance, have been eating more butter, the Americans more margarine.

Our world sales of edible fats in 1963 were approximately the same as in 1962, but individual markets were not so stable. In the Netherlands, we were able slightly to increase our market share. In Germany, there was a loss of margarine tonnage to butter, though less than in the previous year, and in the United States we suffered from the competition of the corn oil margarines. Elsewhere we did well; sales of edible fats in Turkey were buoyant, and we embarked on joint ventures in Japan, Colombia and El Salvador for the manufacture of margarine and other edible fats.

There are signs of changes in consumer taste which may be important. First, almost everywhere in the developed countries our high quality margarines have done better than the standard quality; indeed, in the United Kingdom, sales of the high qualities rose, while sales of the standard brands fell a little. Secondly, in the United States and continental Europe, there is an increasing use of edible oils for cooking purposes instead of fats—whether butter or margarine. In some European countries, our sales of edible oils are beginning to develop promisingly.



## OTHER FOODS

Sales have increased by Fl. 308 million, and the profits, although not as good as one would like, were better than last year. The scarcity of fresh vegetables that resulted from the bitter winter of 1962/63 in Europe gave people a new appreciation of quick-frozen foods. But though the winter helped quick-frozen foods, the summer was less obliging for ice cream. Profits, however, though still not high, were considerably greater than in the previous year; and Germany and Austria got enough good weather to enable records to be made in both sales and profits.

All over Europe, as living standards rise, more meat is eaten, and our businesses have not failed to benefit; but while sales have gone up, profits have dropped, because pig prices in the Netherlands, the United Kingdom and Germany have risen sharply.

In the United States, Thomas J. Lipton Inc. have continued to do well with tea, and have increased their sales of instant tea.

In North America and most of Western Europe, dried soups have done well.

Our sales of canned soups have been expanding rapidly, with success in the Netherlands and Belgium, but in some other countries they are not yet profitable.

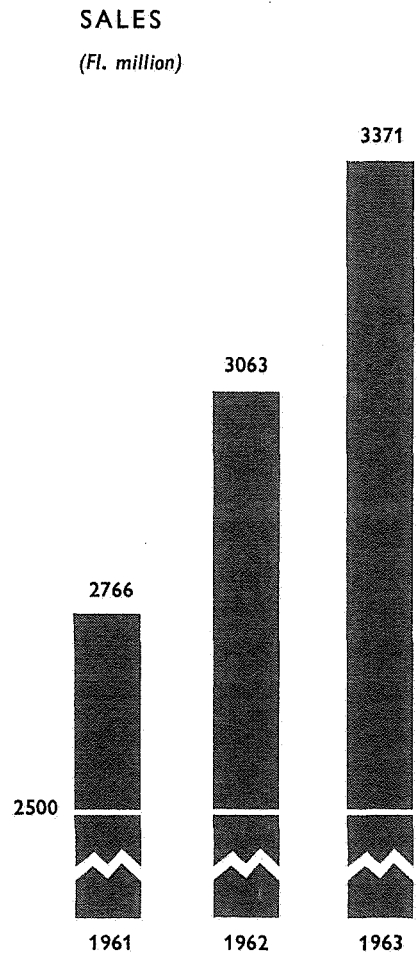
Cheese is being produced and marketed in an increasing range of varieties.

In the United Kingdom, MacFisheries are developing their shops in a way that turns to good account their specialist knowledge of the handling of perishable foods.

“Nordsee” Deutsche Hochseefischerei G.m.b.H. in Germany, one of the world’s leading firms in trawling, processing and selling fish, has been steadily modernising its fleet.

Sales of dehydrated foods continue to grow, though slowly. Vesta packet meals have done well in the United Kingdom and there are now eight varieties. Sales of Surprise peas have increased considerably and we are now extending the range to green beans and brussels sprouts.

An interesting development has been the acquisition of Althea S.p.A. in Parma, Italy, and Rosella Preserving and Manufacturing Co. Limited in Australia. Each of these has a special knowledge of tomato products.





## DETERGENTS

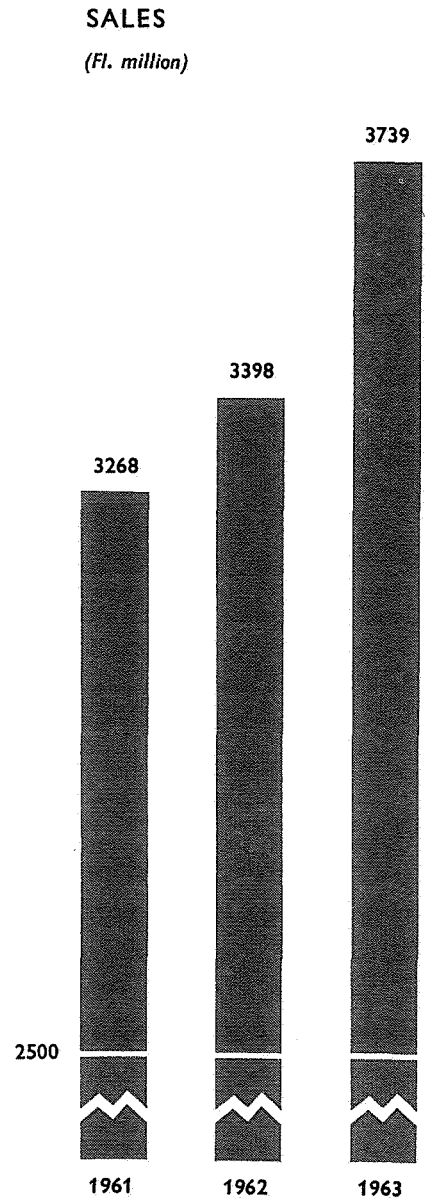
It has been a rewarding year, with sales in volume, sales by value, and profits all up, despite keen competition. It is encouraging that a considerable part of the success has been in the most modern products—low sudsers in the United States and on the Continent of Europe, and heavy duty liquid detergents in the United States. At the same time we have been strengthening our position in the heavy duty powder market in many countries. We have had success with Breeze washing powder specially formulated for the tropics. In the United States we have introduced a cold water liquid detergent.

We have continued to look for possibilities of growth in the whole area of cleaning. Market testing in various countries has shown some promising results, notably for a combined floor cleaner and polisher in the United Kingdom, and a fabric conditioner in the United States and parts of Western Europe. At the same time, we have continued to introduce the more sophisticated products developed in Europe and North America into other countries. Even in countries where the backbone of the business is still hard soaps we are beginning to sell appreciable quantities of heavy duty detergents.

We started manufacture in Ghana. We extended our interests by buying a majority interest in Compañía Iberica de Detergentes S.A. in Spain, and in a business in Greece, and we formed a joint venture in El Salvador. Our joint venture in Chile acquired the Perlina business, another sizeable manufacturer of washing products in the country.

As mentioned in earlier Reports, the acquisition by Lever Brothers Company in the United States of the "all" brand from the Monsanto Chemical Company in 1957 led to the initiation of anti-trust proceedings against Lever Brothers. During 1963 these proceedings were finally terminated in the company's favour.

In the United Kingdom, in May, the Board of Trade referred the supply of household detergents to the Monopolies Commission. The inquiry is still in its preliminary stages.



## TOILET PREPARATIONS

The world's rising prosperity has shown itself in the demand for our toilet preparations, and both sales and profits increased.

The policy of spreading well-known names to new countries was pursued with vigour. Signal toothpaste, for instance, was successfully launched in Belgium, Argentina and Ceylon, and is still growing rapidly in Germany, France and Italy. This has not prevented continued success in our older brands. SR's sales went up in France, India and South Africa, and Pepsodent, one of the oldest of our brands, held steady.

With shampoos, the main increase has been not in the number of countries, but in the number of varieties made for different specialised needs. Our hair colourants, which have long been marketed in Germany, are now doing well in the United Kingdom, and we have been devoting more attention to the field of skin care; new hand lotions, for instance, were launched in the United Kingdom, Ireland and Australia.

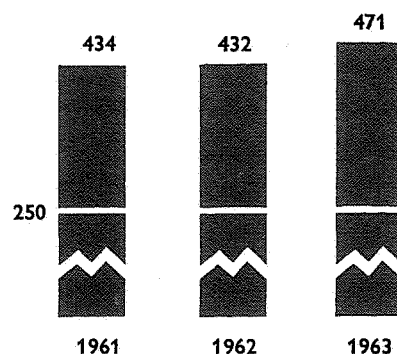
As the Analysis of Turnover on page 13 shows, toilet preparations are as yet only a small part of Unilever activities. Though our turnover in 1963 was 9% higher than in 1962, there still remains plenty of scope for development.

## ANIMAL FEEDING STUFFS

In the United Kingdom, demand was strong during the severe weather of the first quarter of the year but, with dairy farming less rewarding, sales of cattle foods in the spring and summer were lower. In the circumstances, it was a considerable achievement that our sales were only slightly down on the record year of 1962. The trend towards large-scale production, which has been particularly noticeable in poultry but is also developing with other agricultural commodities, is bringing about some reorganisation of our business. We are giving special attention to the growing number of producer groups, so far with considerable success. British Oil & Cake Mills has increased its share of the poultry food market and R. Silcock & Sons' new layer feeds have gone well. British Oil & Cake Mills acquired seven agricultural merchant businesses during the year. While the prime purpose of this is to safeguard the Company's distributive outlets for feeding stuffs, these businesses are continuing to develop their trade in all its aspects as in the past.

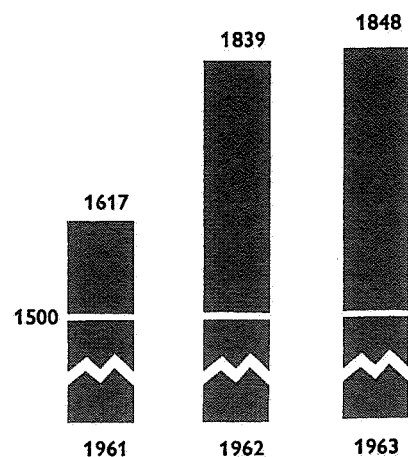
### SALES

(Fl. million)



### SALES

(Fl. million)



A new experimental station was opened in the United Kingdom in 1963, to carry out feeding experiments on dairy and beef cattle, with the object of speeding up the commercial application of the basic research done at Colworth House.

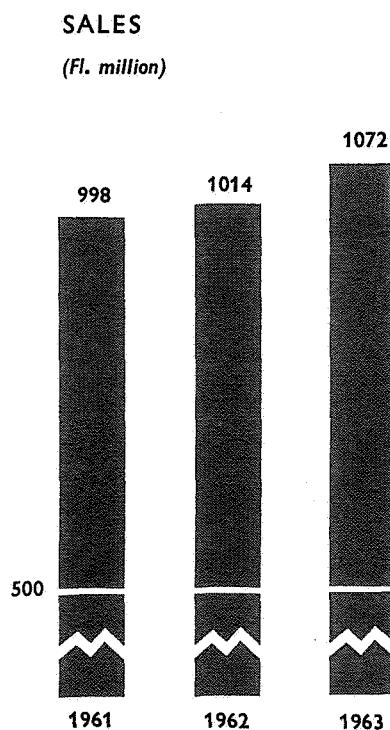
In the Netherlands and France, our sales and profits of compound feeds were disappointing but organisational changes made in 1963 should pave the way for improvements in the future. Our oil mills in Germany have sold their cake and meal at good prices.

## CHEMICAL, PAPER AND OTHER INDUSTRIAL INTERESTS

In the Netherlands, both the turnover and results of Unilever-Emery in oleo-chemicals improved.

The general improvement in industrial activity helped the chemical business in the United Kingdom. Sales and profits of both Price's oleo-chemicals and of John Knight's tallow, glue and adhesive business were better; Gloy & Empire Adhesives Ltd. was acquired in January and the adhesives section of Surrige's Patents Ltd. in September. Joseph Crosfield & Sons lost their Australian exports of catalyst to local production, but held their trade in silicates. Holloway's business in plastics expanded rapidly and since the year-end a major interest has been acquired in Commercial Plastics Industries Ltd.

In Germany, the expansion of our paper mill at Seltmans, Bavaria, is progressing well. The capacity of our factory for packaging materials at Weende, near Göttingen, where increasing quantities of paper cups are being produced, is being enlarged. The output of our printing works and factory for folding cartons at Kempten again increased. The plastics factory at Forchheim increased its production of p.v.c. film and the new factory for plastic bottles at Neuss had a successful year.



## UNITED AFRICA GROUP

1963 was a year of recovery for the United Africa Group, and net profits, up by some Fl. 15 million, were back to the 1961 level.

The radical reorganisation of the Group, made necessary by the economic and political changes in tropical Africa, is now well advanced. It has almost entirely withdrawn from the produce trade and the general trading activities have been cut back, although considerable general business is still done in French-speaking Africa, particularly in the Ivory Coast. At the same time, the Group's interests in industry and in specialised trading have been increased and 1963 saw further benefits resulting from this policy of switching from general trade to specialist trade and industry.

The cotton yarn spinning business mentioned last year has started production in Nigeria, and the textile printing factory is under construction.

The Group has an interest in a number of breweries, for which it also acts as commercial manager. In partnership with Heineken, the Group operates breweries for lager beer. New breweries began production in Nigeria and Sierra Leone and the brewery at Kumasi in Ghana started to make profits. The Group is also a partner in a Guinness brewery which has been built at Lagos in Nigeria and has had a successful first year.

The Group's joint venture in Nigeria in building materials is proving successful. The Kingsway Stores did reasonably well, despite intense competition in Sierra Leone and severe import licensing in Ghana. A new store was opened in Port Harcourt in Nigeria in October, 1963. Kingsway Chemists Limited made good profits in Ghana and increased their share of the market in Nigeria. In toilet preparations A. J. Seward Limited successfully completed their first year in Sierra Leone and are soon to start up in the Ivory Coast.

The motor assembly plant in Ghana did well, the East African motors business improved, and trade in mechanical and electrical equipment developed well in Nigeria, Ghana and East Africa; the motor business in Nigeria was less satisfactory.

G. B. Ollivant did well in Commonwealth West Africa, largely in general trading. Sales and profits of the merchandise business in the French-speaking West African territories, the Canary Islands and the Congo were good, but it was a difficult year in the Middle East and Morocco.

Lower prices for plywood and the need to clear large stocks of

lumber cheaply reduced the profits from the timber business.

The ships of the Palm Line were being used to capacity but freight rates were low. The season on the Benue River was the best for many years and our transport and lighterage business did well.

The Group has entered into a contract to provide, from its port at Burutu, Nigeria, marine transport services for an American company carrying out oil drilling in the Niger Delta.

## PLANTATIONS

We have now about 89,000 planted hectares. The political and economic difficulties of the Congolese Republic have continued to affect our interests there, although conditions improved to some extent after the devaluation of the Congolese franc in November, 1963. Increased production in the Congo and elsewhere, and higher commodity prices, enabled our operations as a whole to show a profit. The Congolese government, however, does not at present permit remittance of the profits earned in that territory.

Production of the main crops for the last three years has been:—

	Tons		
	1961	1962	1963
Palm Oil .....	58,600	69,400	76,800
Palm Kernels .....	26,600	28,300	28,500
Rubber .....	9,100	10,100	10,600
Copra .....	5,400	5,500	5,700

Besides carrying on research of our own, we are collaborating with three of Malaysia's largest plantation companies in research into the genetics of the oil palm, while in the Solomon Islands we are working with the Government on a coconut breeding scheme.

## FINANCE

Source and use of funds (figures in italics represent reductions):—

	Fl. million				
	1959	1960	1961	1962	1963
<b>Cash Resources—1st January</b>					
(Cash and bank balances and marketable and short-term securities less bank advances) . . . . .	589	864	581	420	888
<b>Summary of Movements</b>					
<b>Source of Funds</b>					
Profits re-invested in the business . . . . .	454	358	344	324	342
Depreciation charged against profit . . . . .	271	290	309	341	365
Loan capital movement . . . . .	1	14	9	178	29
	<u>726</u>	<u>634</u>	<u>662</u>	<u>843</u>	<u>678</u>
<b>Use of Funds</b>					
Expenditure on fixed assets (net). . . . .	439	538	553	517	563
Cash payment for subsidiaries acquired . . . . .	42	158	97	35	107
Cash subscriptions to trade investments . . . . .	10	14	7	58	16
	<u>491</u>	<u>710</u>	<u>657</u>	<u>610</u>	<u>686</u>
<b>Other Movements in Funds</b>					
Working capital other than cash. . . . .	16	253	144	267	16
Others . . . . .	56	46	22	32	59
	<u>40</u>	<u>207</u>	<u>166</u>	<u>235</u>	<u>43</u>
<b>Increase / decrease of cash resources . . . . .</b>	<u>275</u>	<u>283</u>	<u>161</u>	<u>468</u>	<u>35</u>
<b>Cash Resources—31st December . . . . .</b>	<u>864</u>	<u>581</u>	<u>420</u>	<u>888</u>	<u>923</u>

The table has been rearranged this year to show more clearly the relation between the funds regularly flowing in from reinvested profits and depreciation charges and the use of those funds for capital expenditure and acquisitions. Movements in working capital, which are more irregular, are shown separately.

It will be seen that it was only in 1962 that substantial amounts of new money were raised in the form of loan capital. Capital expenditure has resumed its upward trend in the year 1963.

The amount of cash used for acquisition of new subsidiaries and subscriptions to trade investments has again risen in 1963. Since the end of the year commitments have been made which will involve further substantial payments. The more important acquisitions made in 1963 are referred to in the appropriate paragraphs of the Report.

We expect our financial resources, which are largely concentrated in the Netherlands, the United Kingdom and the United States, to be adequate for our requirements in 1964.

## EXPORTS

Total exports (including United Africa Group merchandise):—

	1961	1962	1963
	Fl.	Fl.	Fl.
Netherlands . . . .	369,119,000	365,932,000	409,588,000
United Kingdom	565,922,000	478,287,000	497,586,000

Higher raw material prices meant that there was greater purchasing power in many overseas markets, and the export business thrived accordingly.

Exports from the Netherlands were good, except for lower sales of meat products to the United Kingdom because of the competition from Denmark. Exports of detergents and of merchandise for the United Africa Group both increased, and there was a considerable rise in exports of quick-frozen foods to Belgium, Germany and Austria.

Exports from the United Kingdom increased. The United Africa Group made larger exports of merchandise, and we sold more foods and toilet preparations. On the other hand, our decision to manufacture soaps in Ghana caused a fall in total shipments of detergents despite higher sales to other markets.

## CAPITAL PROJECTS

Among major projects completed in 1963 were:—

Netherlands: Ozonization plant at Gouda.

Germany: In Hamburg the new head office building, and a cold store for quick-frozen foods and ice cream at Wunstorf.

United States: Office building and research laboratory for Lipton's at Englewood Cliffs, N.J., and a tea plant at Flemington, N.J.

Canada: Plant for tea, soups and sauces at Bramalea, Ontario.

Ghana: A detergents factory at Tema.

Nigeria: Kingsway Stores at Ibadan and Port Harcourt.

Expenditure of Fl. 596 million was approved in 1963; the most important items are listed below:—

**MARGARINE AND OTHER EDIBLE FATS:—**

	Fl.
Production facilities and modernisation of factories in the Netherlands, Great Britain, U.S.A. and Northern Rhodesia . . . . .	12,600,000
Production facilities for vanaspati, India . . . . .	3,800,000

**OTHER FOODS:—**

Extension of manufacturing, storage and distribution facilities for ice cream and quick-frozen foods in Great Britain, Germany, Austria, Sweden, U.S.A. and Malaysia . . . . .	31,300,000
New shops and improvements to existing shops in Great Britain and Germany . . . . .	10,400,000
Instant tea plant in U.S.A. . . . .	10,200,000
Extension of cheese factory at Kempten, Germany . . . . .	3,200,000

**DETERGENTS:—**

Production facilities in Great Britain, Germany, France, Italy, U.S.A., Canada, Brazil, Trinidad, Northern Rhodesia, Nigeria and India . . . . .	50,500,000
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**ANIMAL FEEDING STUFFS:—**

Production facilities in the Netherlands, Great Britain and France . . . . .	9,800,000
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**CHEMICAL, PAPER AND OTHER INDUSTRIAL INTERESTS:—**

Reconstruction of parchmentising machines in Germany . . . . .	4,300,000
Printing works in France and Germany . . . . .	18,400,000

**UNITED AFRICA GROUP:—**

Factory for production of cartons at Apapa, Nigeria . . . . .	5,400,000
Cigarette factory in Nigeria . . . . .	3,800,000

**PLANTATIONS:—**

Replanting 2,600 hectares of oil palm estate with rubber at Calabar, Nigeria . . . . .	10,700,000
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**GENERAL:—**

Motor vehicles (less sales of old vehicles) . . . . .	48,000,000
Housing and welfare facilities for employees . . . . .	8,200,000
Additional research facilities in the Netherlands, Great Britain and U.S.A. . . . .	39,900,000
Office buildings in Great Britain, Germany and Canada . . . . .	23,100,000
Two new refrigerated fishing vessels for "Nordsee", Germany . . . . .	14,600,000
Extension of power station, Port Sunlight, Great Britain . . . . .	12,400,000
Hydrogen plant at Zwijndrecht, Netherlands . . . . .	5,200,000

The geographical pattern of the expenditure approved was as follows:—

	Fl. million	%
Europe . . . . .	407	68.4
Africa . . . . .	64	10.7
North and South America . . . . .	86	14.4
Rest of the World . . . . .	39	6.5
	596	100.0



## PERSONNEL

Unilever now employs 290,000 people, of whom 29,000 are managers, including junior or supervisory grades. The growth of the business has been accompanied not only by a marked growth in management needs in absolute terms but by a growth in the proportion of management to total man-power. In the past eight years this total has risen by 8%, but in the same period the number of managers has risen by 28%. This reflects not only increasing mechanisation and automation in the production units, but also the growing sophistication of the markets in which we operate. Not surprisingly, therefore, the provision at all levels and in every country of sufficient managers properly trained for their tasks, is a matter of constant attention.

It takes some years for managers to develop their skills. Experience on the job is supplemented by training and education both in our own training centres and at suitable management educational establishments in various countries. The international character of our business is reflected in the fact that at the present time very nearly 20% of our middle and senior managers are serving outside their own countries.

Unilever's pension contributions and other payments for employees' retirement and death benefits amounted in 1963 to Fl. 222 million. The assets of the Unilever pension and provident funds increased from Fl. 1,723,000,000 to Fl. 1,916,000,000.

During 1963, Unilever companies have generally been free from serious labour difficulties, and our relations with the trade unions continue to be good.

It was, however, a year in which some of our companies overseas have been operating in an atmosphere of unrest. We are indebted to all our staff for their loyalty and hard work, but we are particularly proud of the steadfast fortitude of those who have been exposed to physical dangers and political disturbance.

We record with great regret that the München, one of the newest ships of the "Nordsee" fleet, sank off the west coast of Greenland in June, 1963, with the loss of 27 members of the crew. Their families have our deepest sympathy.

## CAPITAL AND MEMBERSHIP

At Extraordinary General Meetings of N.V. and LIMITED held on 12th September, 1963, it was decided to issue new ordinary shares to the holders of the existing ordinary capital on the basis of one new share for every three held, by capitalising part of the "Profits retained in the business". The nominal value of the shares issued was Fl. 160,041,000 in N.V. and £ 11,234,000 in LIMITED; they rank for the final dividend in respect of 1963.

At 31st December, 1963, the number of ordinary shareholders of LIMITED was 58,882 and there were 131,884 preference stockholders, making a total membership of 190,766. The number of members of N.V. cannot be ascertained as so much of its capital is held in the form of bearer scrip.

## DIVIDENDS

The proposed appropriations of the profits of the Parent Companies are shown in the Consolidated Profit and Loss Accounts on page 30.

Interim dividends for 1963, for which the new shares issued under the one-for-three scrip issues approved in September and described above did not rank, were paid on 14th October, 1963, on the ordinary capitals as follows:—

N.V. Fl. 1.80 (1962 Fl. 1.60);  
LIMITED 6.42d. (1962 5.70d.).

The Directors now recommend final dividends for 1963 on the ordinary capitals, as increased by the scrip issues, as follows:—

N.V. Fl. 2.43;  
LIMITED 8.685d.

These, which are equivalent in value under the terms of the Equalisation Agreement, will make the total dividends for 1963, expressed on the increased capital:—

N.V. Fl. 3.78;  
LIMITED 13.50d.

The total dividends for 1962, expressed on a comparable basis, were:—

N.V. Fl. 3.30;  
LIMITED 11.76d.

In the case of N.V., dividends are actual per Fl. 20 nominal amount of ordinary capital and in the case of LIMITED actual per 5s. ordinary share, before deducting income tax.

It is proposed to make the final dividends on the ordinary shares of both companies payable as from 12th May, 1964, except that the dividends on the New York shares of N.V. and the American Depositary Receipts representing ordinary capital of LIMITED will be payable as from 2nd June, 1964.

After payment of the recommended dividends for 1963 an amount of Fl. 342,276,000 remains to be added to the profits retained in the business which, after taking into account the adjustments set out in the notes to the Consolidated Balance Sheets on page 33, will then amount to Fl. 3,881,322,000.

## QUARTERLY REPORTING OF RESULTS

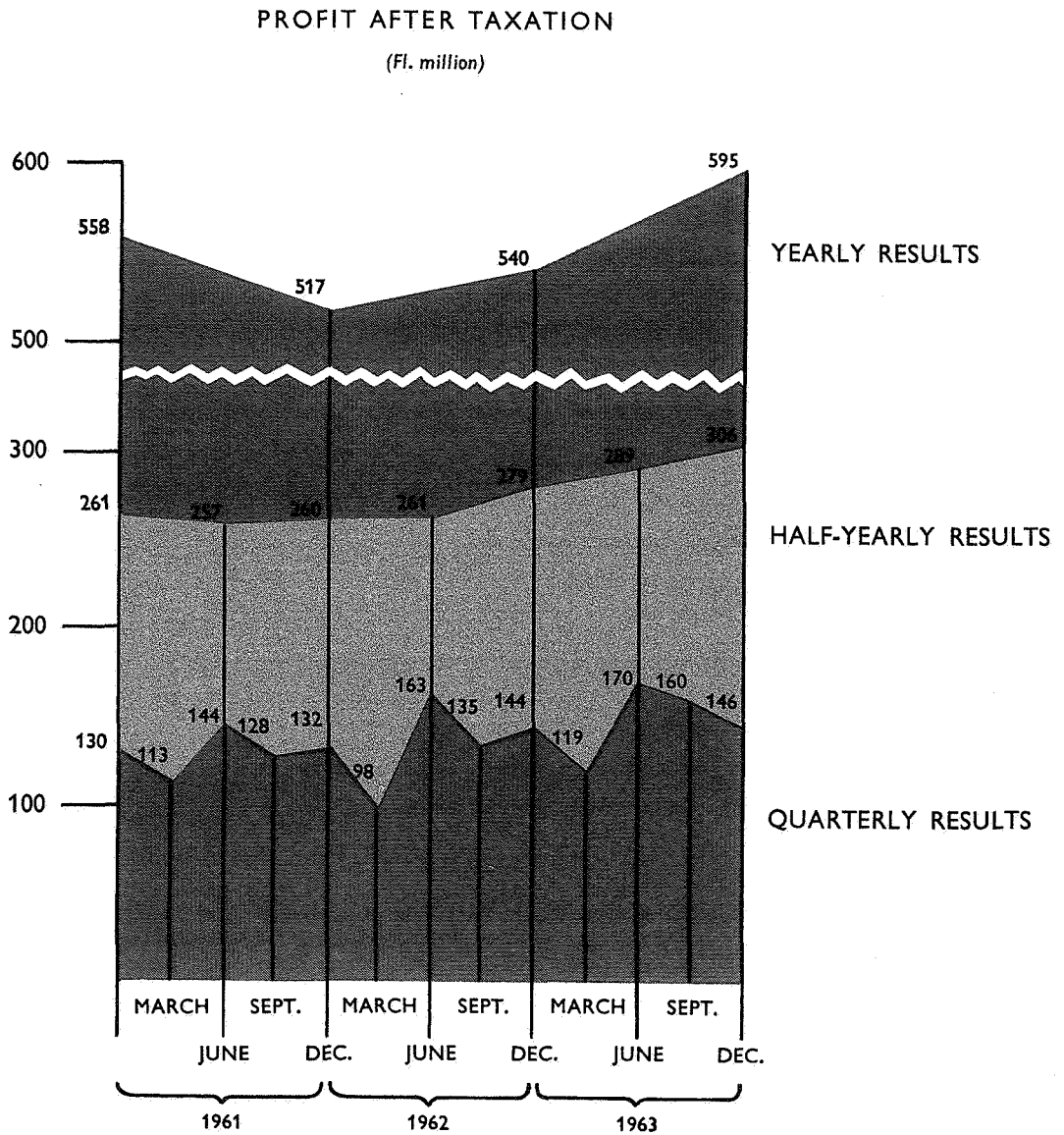
Since 1957 turnover and results have been announced half-yearly, in August and February. To meet the need for more frequent information, the Board has decided that in future the turnover and results will be announced quarterly, and there will therefore be additional announcements in May and November.

When half-yearly reporting of results was introduced, it was pointed out that such figures, considered in isolation, can be particularly misleading for a business such as Unilever, since the prices of many of its main raw materials are subject to marked fluctuations; over a longer period the effect on profits is not so important because the fluctuations to a great extent cancel each other out. This is even more true of quarterly results. Moreover, the effect of the seasonal pattern of trade on quarterly results can be very marked.

Quarterly figures will therefore need to be interpreted with care, bearing in mind that the nature of the business is constantly

changing and that in Unilever long-term trends are more significant than short-term fluctuations.

The chart shows the pattern of quarterly, half-yearly and yearly profits after taxation for the three years 1961 to 1963; exceptional items, which of their nature may vary considerably, and outside interest in results of subsidiaries are excluded.



## DIRECTORS

Mr. Sidney J. van den Bergh, having reached retirement age, retired from the Boards of n.v. and LIMITED at the end of 1963. Mr. van den Bergh joined N.V. Van den Bergh's Fabrieken, Rotterdam, in 1921. He was appointed a director of N.V. Margarine Unie and Margarine Union Limited in 1929. Upon the amalgamation of these companies with Lever Brothers Limited he became a director of Unilever. In 1954 he was appointed a Vice-Chairman of n.v., and at the time of his retirement was the only director who had been a member of the original Board of Unilever. His colleagues record their appreciation of Mr. van den Bergh's long and outstanding service to the business.

With effect from 1st January, 1964, Mr. Rudolf G. Jurgens was appointed a Vice-Chairman of n.v.

In 1964 Dr. J. E. de Quay, Netherlands Prime Minister from 1959 to 1963, was appointed an Advisory Director of n.v.

In accordance with Article 21 of the Articles of Association, all the Directors retire and offer themselves for re-election.

## AUDITORS

The auditors, Price Waterhouse & Co. and Cooper Brothers & Co., retire and offer themselves for re-appointment.

Rotterdam, 17th March, 1964.

ON BEHALF OF THE BOARD,

F. J. TEMPEL, *Chairman.*

GEORGE COLE, *Vice-Chairman.*

# Reports of the Auditors

## N.V. GROUP

TO THE MEMBERS OF UNILEVER N.V.

We have examined the accounts and notes set out in statements A to C.

We have obtained all the information and explanations which we considered necessary and in our opinion the said accounts give a true and fair view of the state of affairs of the company and its subsidiaries as at 31st December, 1963, and of their profit for the year 1963.

London/The Hague, }  
London/Rotterdam, } 17th March, 1964.

PRICE WATERHOUSE & Co.  
COOPER BROTHERS & Co.

## LIMITED GROUP

*The following is the auditors' report on the accounts of LIMITED and the LIMITED Group which are expressed in sterling.*

TO THE MEMBERS OF UNILEVER LIMITED

We have examined the accounts and notes set out in statements A, B and D. Proper books of account have been kept by the company and its balance sheet set out in statement D is in agreement with them. We have obtained all the information and explanations which we considered necessary and it is our opinion that the accounts give the information required by the Companies Act, 1948.

We are of the opinion that the balance sheet of the company gives with the consolidated accounts a true and fair view of the state of its affairs at 31st December, 1963, and the consolidated accounts give, from the standpoint of the members of Unilever Limited, a true and fair view of the state of affairs at that date of the company and its subsidiaries and of their profit for the year 1963.

London, 17th March, 1964.

COOPER BROTHERS & Co.  
PRICE WATERHOUSE & Co.

# Consolidated profit and loss accounts

UNILEVER N.V. AND UNILEVER LIMITED AND THEIR SUBSIDIARIES

Fl. thousand. *Figures in red represent deductions.*

1962			1963			
LIMITED	N.V.	COMBINED		COMBINED	N.V.	LIMITED
7,327,497	7,644,427	<b>14,971,924</b>	<b>I Sales to third parties . . . . .</b>	<b>15,556,534</b>	8,092,931	7,463,603
6,856,529	7,071,729	13,928,258	<b>II Costs. . . . .</b>	14,392,851	7,456,522	6,936,329
470,968	572,698	<b>1,043,666</b>	<b>III Operating profit . . . . .</b>	<b>1,163,683</b>	636,409	527,274
35,294	7,561	<b>42,855</b>	<b>IV Income from trade investments . . .</b>	<b>38,688</b>	9,334	29,354
11,890	2,399	<b>14,289</b>	<b>V Income from marketable and short-term securities and other interest. . .</b>	<b>24,829</b>	7,598	17,231
8,808	11,894	20,702	<b>VI Interest on loan capital . . . . .</b>	23,861	15,124	8,737
509,344	570,764	<b>1,080,108</b>	<b>VII Profit before taxation . . . . .</b>	<b>1,203,339</b>	638,217	565,122
269,151	270,857	540,008	<b>VIII Taxation based on profit for the year .</b>	607,957	310,334	297,623
240,193	299,907	<b>540,100</b>	<b>IX Profit for the year after taxation .</b>	<b>595,382</b>	327,883	267,499
1,804	6,040	<b>7,844</b>	<b>X Exceptional items . . . . .</b>	2,645	2,443	5,088
7,856	15,291	23,147	<b>XI Outside interest in results of subsidiaries</b>	26,281	17,949	8,332
234,141	290,656	<b>524,797</b>	<b>XII Consolidated net profit . . . . .</b>	<b>566,456</b>	312,377	254,079
26,992	13,335	40,327	<b>XIII Preferential dividends . . . . .</b>	40,417	13,425	26,992
207,149	277,321	<b>484,470</b>	<b>XIV Profit accruing to ordinary capital</b>	<b>526,039</b>	298,952	227,087
54,684	105,819	160,503	<b>XV Ordinary and Deferred dividends . .</b>	183,763	120,991	62,772
152,465	171,502	<b>323,967</b>	<b>XVI Profit retained in the business . .</b>	<b>342,276</b>	177,961	164,315

## Notes

I Sales have been converted to guilders at the rates of exchange ruling at the end of each quarter concerned in 1963 and each half year in 1962.

II Costs include:—

1962			<i>Fl. thousand</i>	1963		
LIMITED	N.V.	COMBINED		COMBINED	N.V.	LIMITED
167,437	173,796	341,233	Depreciation . . . . .	365,451	189,359	176,092
3,223	1,740	4,963	Emoluments of Directors as managers including contributions to pension funds for superannuation . . . . .	5,246	1,891	3,355
497	152	649	Superannuation of former Directors	618	152	466

III Operating profit for the whole of each year has been converted at the respective year-end rates.

VIII In LIMITED, taxation comprises United Kingdom income and profits taxes Fl. 263,485,000 less foreign tax relief of Fl. 85,193,000, and foreign taxes of Fl. 119,331,000. Tax relief on investment allowances: N.V. Fl. 1,393,000 (1962 Fl. 1,995,000), LIMITED Fl. 23,789,000 (1962 Fl. 17,809,000).

X Exceptional items are as follows:—

1962			<i>Fl. thousand</i>	1963		
LIMITED	N.V.	COMBINED		COMBINED	N.V.	LIMITED
983	15,518	16,501	Taxation adjustments—previous years . . . . .	17,654	13,792	3,862
821	9,478	8,657	Other . . . . .	20,299	11,349	8,950
1,804	6,040	7,844		2,645	2,443	5,088

Taxation adjustments arise mainly from refunds of taxes and release of provisions no longer required.

Other exceptional items are a balance of several items not applicable to current trading (e.g. in 1963 provision for improved unfunded retirement benefits) and are shown after deduction of taxation.

XIII and XV Dividends are declared gross, but LIMITED retains United Kingdom income tax at the standard rate in force on the date of payment, whereas N.V. pays its dividends gross.

Dividends are as follows:—

1962			<i>Fl. thousand</i>	1963		
LIMITED	N.V.	COMBINED		COMBINED	N.V.	LIMITED
44,061	13,335	57,396	Preferential dividends—gross . . . . .	57,486	13,425	44,061
17,069	—	17,069	United Kingdom income tax . . . . .	17,069	—	17,069
26,992	13,335	40,327		40,417	13,425	26,992
89,278	105,819	195,097	Ordinary and Deferred dividends—gross . . . . .	223,476	120,991	102,485
34,594	—	34,594	United Kingdom income tax . . . . .	39,713	—	39,713
54,684	105,819	160,503		183,763	120,991	62,772

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.



## Consolidated balance sheets

UNILEVER N.V. AND UNILEVER LIMITED AND THEIR SUBSIDIARIES

Fl. thousand. *Figures in red represent deductions.*

31st December 1962			31st December 1963			
LIMITED	N.V.	COMBINED		COMBINED	N.V.	LIMITED
570,596	243,924	<b>814,520</b>	<b>CAPITAL EMPLOYED</b>			
			<b>I Preferential capital—</b>			
			N.V. and Limited . . . . .	<b>814,520</b>	243,924	570,596
			<b>Ordinary capital and reserves</b>			
404,436	480,124	<b>884,560</b>	II Ordinary capital—N.V. and Limited . .	<b>1,179,409</b>	640,165	539,244
2,307,107	1,565,445	<b>3,872,552</b>	III Profits retained in the business and other reserves . . . . .	<b>3,868,755</b>	1,549,465	2,319,290
			<b>Ordinary shareholders' funds—</b>			
2,711,543	2,045,569	<b>4,757,112</b>	N.V. and Limited . . . . .	<b>5,048,164</b>	2,189,630	2,858,534
147,590	103,128	<b>250,718</b>	IV Outside interest in subsidiaries . .	<b>262,255</b>	107,077	155,178
219,424	350,429	<b>569,853</b>	V Loan capital . . . . .	<b>540,407</b>	330,896	209,511
382,634	218,000	<b>600,634</b>	VI Deferred liabilities . . . . .	<b>653,386</b>	252,000	401,386
135,630	135,630	—	VII N.V./Limited inter-Group items . .	—	125,773	125,773
3,896,157	3,096,680	<b>6,992,837</b>		<b>7,318,732</b>	3,249,300	4,069,432
			<b>EMPLOYMENT OF CAPITAL</b>			
2,000,998	1,567,905	<b>3,568,903</b>	VIII Land, buildings and plant . . . .	<b>3,824,322</b>	1,700,131	2,124,191
128,555	92,109	<b>220,664</b>	IX Trade investments . . . . .	<b>235,086</b>	108,457	126,629
9,579	85,812	<b>95,391</b>	X Long-term claims . . . . .	<b>100,435</b>	88,474	11,961
2,139,132	1,745,826	<b>3,884,958</b>		<b>4,159,843</b>	1,897,062	2,262,781
			<b>Current assets</b>			
1,467,733	1,136,908	<b>2,604,641</b>	XI Stocks . . . . .	<b>2,775,280</b>	1,302,955	1,472,325
762,136	643,103	<b>1,405,239</b>	XII Debtors . . . . .	<b>1,477,318</b>	685,028	792,290
412,474	117,505	<b>529,979</b>	XIII Marketable and short-term securities .	<b>678,018</b>	181,496	496,522
207,768	457,702	<b>665,470</b>	XIV Cash and bank balances . . . . .	<b>756,853</b>	493,925	262,928
2,850,111	2,355,218	<b>5,205,329</b>		<b>5,687,469</b>	2,663,404	3,024,065
			<b>Current liabilities</b>			
564,646	650,324	1,214,970	XV Creditors . . . . .	1,376,595	767,472	609,123
234,101	73,046	307,147	XVI Bank advances . . . . .	511,612	236,319	275,293
242,818	204,612	447,430	XVII Provision for taxation . . . . .	496,943	221,203	275,740
51,521	76,382	127,903	XVIII Dividends . . . . .	143,430	86,172	57,258
1,093,086	1,004,364	2,097,450		2,528,580	1,311,166	1,217,414
1,757,025	1,350,854	<b>3,107,879</b>	<b>Net current assets . . . . .</b>	<b>3,158,889</b>	1,352,238	1,806,651
3,896,157	3,096,680	<b>6,992,837</b>		<b>7,318,732</b>	3,249,300	4,069,432

## Notes

N.V. and LIMITED are linked by a series of agreements of which the principal is the Equalisation Agreement. Inter alia this equalises the rights of the ordinary capitals of the two companies as to dividends and, on liquidation, as to capital value, on the basis of Fl. 12 nominal of N.V.'s ordinary capital being equivalent to £ 1 of LIMITED's ordinary capital.

I and II LIMITED's consolidated balance sheet has been converted at the official parity of £ 1 = Fl. 10.136, except that LIMITED's ordinary capital has been converted at the rate of £ 1 = Fl. 12. The consequential adjustment is shown in III below.

Increases in capital are referred to in notes II of statements C and D.

III Movements in profits retained and other reserves were:—

*Fl. thousand*

	COMBINED	N.V.	LIMITED
<b>Premiums on capital issued</b>			
At 1st January, 1963 . . . . .	65,256	48,248	17,008
<b>Adjustment on conversion of Limited's ordinary capital at £ 1 = Fl. 12</b>			
At 1st January, 1963 . . . . .	62,822	—	62,822
Arising on issue during the year . . . . .	20,941	—	20,941
At 31st December, 1963 . . . . .	83,763	—	83,763
<b>Surplus on revaluation of fixed assets</b>			
At 1st January, 1963 . . . . .	11,940	—	11,940
Additions . . . . .	4,490	—	4,490
Goodwill on acquisition of new subsidiaries*) . . . . .	10,490	—	10,490
At 31st December, 1963 . . . . .	5,940	—	5,940
<b>Profits retained in the business</b>			
At 1st January, 1963 . . . . .	3,858,178	1,517,197	2,340,981
Capitalised by scrip issues . . . . .	273,908	160,041	113,867
Goodwill on acquisition of new subsidiaries*) . . . . .	3,584,270	1,357,156	2,227,114
Exchange and other adjustments on consolidation . . . . .	27,282	27,282	—
Profit for the year retained . . . . .	17,942	6,618	11,324
At 31st December, 1963 . . . . .	342,276	177,961	164,315
At 31st December, 1963 . . . . .	3,881,322	1,501,217	2,380,105
	3,868,755	1,549,465	2,319,290

\*) In accordance with the practice established in 1953, the excess of the price paid for new interests over tangible assets acquired has been eliminated.

V Loan capital is secured to the extent of N.V. Fl. 35,765,000, LIMITED Fl. 197,662,000.

# STATEMENT B

## Notes (continued)

### VI Deferred liabilities are as follows:—

1962			<i>Fl. thousand</i>	1963		
LIMITED	N.V.	COMBINED		COMBINED	N.V.	LIMITED
151,026	78,000	229,026	Future taxation . . . . .	239,013	89,000	150,013
169,272	46,000	215,272	Deferred taxation . . . . .	242,421	62,000	180,421
62,336	94,000	156,336	Unfunded retirement benefits . . . . .	171,952	101,000	70,952
382,634	218,000	600,634		653,386	252,000	401,386

Future taxation includes, in addition to United Kingdom income tax on the profits of 1963, taxes on the 1963 profits of companies situated outside the Netherlands and the United Kingdom which will only become payable if those profits are distributed to the holding companies and certain other taxes which are not in the nature of current liabilities.

Deferred tax—In many countries fixed assets can be written off more rapidly for tax than is adopted for commercial purposes, so that there is an immediate saving of tax. This tax saving has not been taken to profit but set aside to meet the liability which will ultimately arise.

Unfunded retirement benefits represent the estimated current value of the Company's future liability for retirement and death benefits to past and present employees other than benefits provided through pension and provident funds. The amounts are stated after allowing in appropriate cases for estimated future taxation relief.

### VII Inter-Group items consist of several accounts and incorporate loans of £ 11,500,000 by the LIMITED Group to the N.V. Group which are secured on shares of subsidiaries of N.V.

### VIII Movements in land, buildings and plant were as follows:—

	<i>Fl. thousand</i>		
	COMBINED	N.V.	LIMITED
<b>Cost or valuation*)</b>			
At 1st January, 1963 . . . . .	5,744,902	2,722,114	3,022,788
Expenditure (net) . . . . .	563,053	304,048	259,005
New subsidiaries . . . . .	81,452	20,697	60,755
Adjustments on disposals, revaluations and exchange differences . . . . .	139,460	62,092	77,368
At 31st December, 1963 . . . . .	6,249,947	2,984,767	3,265,180
<b>Depreciation</b>			
At 1st January, 1963 . . . . .	2,175,999	1,154,209	1,021,790
Charged to profit and loss account . . . . .	365,451	189,359	176,092
New subsidiaries . . . . .	24,091	3,616	20,475
Adjustments on disposals, revaluations and exchange differences . . . . .	139,916	62,548	77,368
At 31st December, 1963 . . . . .	2,425,625	1,284,636	1,140,989
<b>Net balance sheet amounts</b>			
Land . . . . .	161,361	93,602	67,759
Buildings . . . . .	1,644,611	700,230	944,381
Plant and equipment . . . . .	1,868,226	888,379	979,847
Ships . . . . .	150,124	17,920	132,204
	3,824,322	1,700,131	2,124,191

\*) These assets are stated at cost or as valued by Directors at various dates since 1945.

*Notes (continued)*

At 31st December, 1963, the amount of capital expenditure authorised by the Boards and still not spent was Fl. 567,000,000 (N.V. Fl. 279,000,000, LIMITED Fl. 288,000,000). Of this amount commitments had been entered into for Fl. 207,000,000 (N.V. Fl. 108,000,000, LIMITED Fl. 99,000,000).

- IX** Trade investments are mostly companies in which Unilever owns 50% or less of the ordinary share capital and which are not therefore included in the consolidation, and other investments not held for sale.

The following table shows the share of the net underlying assets and profits for the latest year for which information is available:

	Book amount 31st Decem- ber, 1963	Unilever share of	
		Net Assets	Net Profits after tax
Europe . . . . .	143,872	248,688	22,840
Africa . . . . .	57,163	77,614	10,533
North and South America . . . . .	26,074	27,262	3,438
Rest of the world . . . . .	5,078	5,117	1,200
	<u>232,187</u>	<u>358,681</u>	<u>38,011</u>
Leverhulme Trust . . . . .	2,899		
	<u>235,086</u>		

In N.V., trade investments are shown principally at cost less a provision of Fl. 55,000,000.

In LIMITED, they are shown at net book amount at 31st December, 1947, with additions at cost or valuation, less Fl. 1,885,000 written off.

- X** Long-term claims comprise balances which are not due for repayment within one year.
- XI** Stocks are consistently stated at 31st December, 1962 and 1963 on the basis of the lower of cost—mainly averaged cost—and net realisable value.
- XIII** Marketable and short-term securities comprise quoted, mainly dated stocks, N.V. Fl. 69,051,000, LIMITED Fl. 319,162,000 (market value N.V. Fl. 81,947,000, LIMITED Fl. 327,687,000) and unquoted, mainly municipal and other short-term loans.
- XVI** Bank advances are secured to the extent of N.V. Fl. 32,904,000, LIMITED Fl. 19,380,000.

## GENERAL

Foreign currencies have been converted at the appropriate official parities or other current rates of exchange at the year end. There are restrictions on transfer of some currencies.

There are contingent liabilities. The amounts involved are not material and no loss is expected.

In order to conform to the seasonal nature of their operations, the financial year of some subsidiaries of LIMITED having substantial interests in Africa ends on 30th September. With the consent of the Board of Trade the accounts of these companies have been consolidated on the basis of interim accounts at 31st December.

The assets in the Congo are included partly on an estimated basis, and amount to N.V. Fl. 90,384,000, LIMITED Fl. 69,665,000, combined Fl. 160,049,000 (1962 Fl. 180,370,000).

## Balance sheet

UNILEVER N.V.

Fl. thousand. *Figures in red represent deductions.*

31st December 1962

31st December 1963

		<b>CAPITAL EMPLOYED</b>	
		<b>I Preferential capital</b>	
			<i>Authorised</i>
			<i>Issued and fully paid</i>
	29,000	7 1/2% Cumulative Preference . . . . .	30,000
	139,924	6% Cumulative Preference . . . . .	200,000
	75,000	4% Redeemable Cumulative Preference . . . . .	75,000
			<u>305,000</u>
<b>243,924</b>			<b>243,924</b>
		<b>II Ordinary capital and reserves</b>	
	482,524	Ordinary capital . . . . .	1,002,400
	48,248	Premiums on capital issued . . . . .	48,248
	438,321	Profits retained in the business . . . . .	301,932
<b>969,093</b>			<u>992,745</u>
<b>21,203</b>		<b>III Indebtedness to Limited Group . . . . .</b>	<b>21,840</b>
<b>1,234,220</b>			<u><b>1,258,509</b></u>
		<b>EMPLOYMENT OF CAPITAL</b>	
		<b>IV Interests in subsidiaries</b>	
	260,375	Shares at cost . . . . .	260,375
	1,067,775	Advances . . . . .	981,321
	1,328,150		<u>1,241,696</u>
	214,907	Less: Deposits . . . . .	161,312
<b>1,113,243</b>			<u><b>1,080,384</b></u>
		<b>V Current assets</b>	
	33,374	Debtors and payments in advance . . . . .	13,999
	34,848	Marketable and short-term securities . . . . .	40,871
	164,367	Cash and bank balances . . . . .	237,544
	232,589		<u>292,414</u>
		<b>VI Current liabilities and provisions</b>	
	37,257	Creditors . . . . .	28,387
	425	Provision for taxation . . . . .	1,409
	73,930	Dividends, due or proposed . . . . .	84,493
	111,612		<u>114,289</u>
<b>120,977</b>			<u><b>178,125</b></u>
<b>1,234,220</b>			<u><b>1,258,509</b></u>

On behalf of the Board,

F. J. TEMPEL, *Chairman.*  
GEORGE COLE, *Vice-Chairman.*

## Notes

I and II The authorised capital has been increased from Fl. 1,055,000,000 to Fl. 1,307,400,000.

I The 4% redeemable cumulative preference capital is redeemable at par at the company's option either wholly or in part.

II The ordinary capital was increased by a scrip issue of Fl. 160,041,000 on the basis of one new share for every three held, by capitalising part of the "Profits retained in the business". The new shares rank *pari passu* with the ordinary capital previously in issue and are entitled to the final dividend in respect of 1963.

A subsidiary of N.V. and a subsidiary of LIMITED, each holding Fl. 1,200,000 of ordinary capital, have waived their rights to the dividends for 1963 and have renounced their rights to the scrip issue.

*Fl. thousand*

The movements in profits retained in the business during 1963 were:—

Balance at 1st January . . . . .	438,321
Capitalised by scrip issue . . . . .	<u>160,041</u>
	278,280
Profit for the year . . . . .	158,068
Preferential dividends . . . . .	13,425
Ordinary dividends . . . . .	<u>120,991</u>
Profit for the year retained . . . . .	23,652
Balance at 31st December . . . . .	<u><u>301,932</u></u>

V Debtors and payments in advance (Fl. 660,000) have been shown after provision for doubtful debts.

Marketable and short-term securities are short-term deposits mainly with financial institutions.

## GENERAL

Foreign currencies have been converted at the appropriate official parities or other current rates of exchange at the year end.

There are contingent liabilities, upon which no loss is expected.

## Balance sheet

UNILEVER LIMITED

£ thousand. *Figures in red represent deductions.*

31st December 1962

31st December 1963

		<b>CAPITAL EMPLOYED</b>	
		<i>Authorised</i>	<i>Issued and fully paid</i>
	<b>I Preferential capital</b>		
35,985	7% Cumulative Preference { Ranking . . . . .	35,985	35,985
2,360	5% Cumulative Preference { <i>pari passu</i> . . . . .	4,015	2,360
15,662	8% Cumulative A Preference . . . . .	40,000	15,662
2,287	20% Cumulative Preferred Ordinary . . . . .	2,287	2,287
<b>56,294</b>		<u>82,287</u>	<u>56,294</u>
	<b>II Ordinary and deferred capital and profits retained</b>		
33,703	Ordinary Capital . . . . .	59,031	44,937
100	Deferred Capital . . . . .	100	100
<u>33,803</u>		<u>59,131</u>	<u>45,037</u>
1,678	<b>Premiums on capital issued</b> . . . . .		1,678
<u>108,425</u>	<b>Profits retained in the business</b> . . . . .		<u>111,907</u>
<b>143,906</b>			<b>158,622</b>
	<b>III Loan capital</b>		
8,156	3 <sup>3</sup> / <sub>4</sub> % Debenture stock, 1955/75 { Ranking . . . . .		7,672
11,672	4% Debenture stock, 1960/80 { <i>pari passu</i> . . . . .		11,223
<b>19,828</b>			<b>18,895</b>
<b>1,441</b>	<b>IV Future taxation</b> . . . . .		<b>2,251</b>
<b>221,469</b>			<b>236,062</b>
<u>13,666</u>	<b>V Indebtedness of N.V. Group</b> . . . . .		<u>13,553</u>
<b>207,803</b>			<b>222,509</b>
	<b>EMPLOYMENT OF CAPITAL</b>		
	<b>VI Fixed assets</b>		
7,896	Land, buildings and plant . . . . .		8,730
5,753	Trade investments . . . . .		5,607
<b>13,649</b>			<b>14,337</b>
	<b>VII Interests in subsidiaries</b>		
117,559	Shares . . . . .		81,264
87,895	Advances . . . . .		130,195
<u>205,454</u>			<u>211,459</u>
49,860	<i>Less: Deposits</i> . . . . .		53,829
<b>155,594</b>			<b>157,630</b>
	<b>VIII Current assets</b>		
2,848	Debtors . . . . .	3,323	
36,820	Marketable and short-term securities . . . . .	44,830	
8,869	Cash and bank balances . . . . .	11,827	
<u>48,537</u>			<u>59,980</u>
	<b>IX Current liabilities</b>		
2,348	Creditors . . . . .	2,077	
2,864	Provision for taxation . . . . .	2,046	
4,765	Dividends (net) due or proposed . . . . .	5,315	
<u>9,977</u>			<u>9,438</u>
<b>38,560</b>			<b>50,542</b>
<b>207,803</b>			<b>222,509</b>
	GEORGE COLE, <i>Chairman.</i>		
	F. J. TEMPEL, <i>Vice-Chairman.</i>		

## Notes

- II The issued ordinary capital was increased by a scrip issue capitalising £ 11,234,000 of profits retained.

£ 50,000 deferred stock is held by a subsidiary of LIMITED and £ 50,000 by a subsidiary of N.V. A nominal dividend of £ 250 was paid on this stock.

£ thousand

The movements in profits retained in the business during 1963 were:—

Balance at 1st January . . . . .	108,425
Capitalised by scrip issue . . . . .	<u>11,234</u>
	97,191
Profit for the year . . . . .	23,572
Preferential dividends . . . . .	2,663
Ordinary and Deferred dividends . . . . .	<u>6,193</u>
Profit for the year retained . . . . .	<u>14,716</u>
Balance at 31st December . . . . .	<u><u>111,907</u></u>

- III The two issues of debenture stock are secured by a floating charge on the assets of the company. During the year £ 484,000 of 3<sup>3</sup>/<sub>4</sub>% debenture stock 1955/75 and £ 449,000 of 4<sup>0</sup>/<sub>0</sub> debenture stock 1960/80 were purchased by the company.

- V This includes a loan of £ 11,000,000 secured on the shares of subsidiaries of N.V.

- VI Land, buildings and plant:—

£ thousand	£ thousand
1962	1963
9,506 At valuation 1st January, 1953, with additions at cost . . . . .	10,700
<u>1,610</u> Depreciation . . . . .	<u>1,970</u>
<u>7,896</u>	<u>8,730</u>

Trade investments are shown at net book amount at 31st December, 1947, with additions at cost or valuation.

- VII Shares in subsidiaries are stated at Directors' valuation made on the re-arrangement of the Unilever Groups in 1937, with bonus shares at par and other additions at cost or valuation, less amounts written off. The movement during the year arises mainly from transfers of subsidiaries within the LIMITED Group with corresponding increase in advances.
- VIII Marketable and short-term securities comprise short-dated government and municipal stocks £ 28,734,000 (market value £ 29,599,000), and short-term municipal loans £ 16,096,000.

## GENERAL

Foreign currencies have been converted at the appropriate official parities or other current rates of exchange at the year end.

There are contingent liabilities, upon which no loss is expected.

The estimated commitments for capital expenditure at 31st December, 1963, were £ 1,678,000.



# Combined earnings and dividends per share

Expressed in various currencies on capitals as increased by the scrip issues in 1963.

1963 above 1962

	Netherlands Guilders	U.K. Sterling s/d	Belgium Francs	France Francs	Germany Marks	Switzerland Francs	U.S.A. Dollars
Per Fl. 12 or £ 1 of ordinary capital:—							
Earnings . . . . .	5.35 4.93	10/6.73 9/8.72	73.93 68.09	7.30 6.72	5.91 5.45	6.46 5.96	1.48 1.37
Dividends . . . . .	2.28 1.96	4/6 3/11.04	31.32 27.44	3.12 2.72	2.52 2.20	2.76 2.40	0.64 0.56
Per Fl. 20 of ordinary capital:—							
Earnings . . . . .	8.92 8.22	17/7.20 16/2.53	123.21 113.47	12.16 11.20	9.85 9.08	10.77 9.92	2.46 2.27
Dividends . . . . .	3.78 3.30	7/6 6/6.40	52.21 45.58	5.16 4.50	4.18 3.64	4.57 3.99	1.04 0.91

The figure of earnings per share should not be considered as more than a guide for comparing the combined profits from year to year, and should not be taken as the amount that would be paid to the ordinary shareholders if all the profits for the year were distributed as dividend. Fuller information is given in the booklet *Equalisation Agreement and Earnings per Share* which is available on request.

## Salient figures in other currencies

All figures relate to the N.V. and LIMITED groups combined.

The Salient Figures given on page 6 are shown below in the currencies indicated.

Million—1963 above 1962

	U.K. Sterling	Belgium Francs	France Francs	Germany Marks	Switzerland Francs	U.S.A. Dollars
Turnover . . . . .	1,941.4 1,896.5	271,792 265,512	26,830 26,210	21,743 21,241	23,762 23,213	5,436 5,310
of which Sales to third parties . . . . .	1,534.8 1,477.1	214,869 206,794	21,211 20,414	17,190 16,544	18,786 18,080	4,297 4,136
Profit before taxation . . . . .	118.7 106.6	16,621 14,919	1,641 1,473	1,330 1,193	1,453 1,304	332 298
Taxation for the year . . . . .	60.0 53.3	8,397 7,459	829 736	672 597	734 652	168 149
Exceptional items . . . . .	0.2 0.8	37 108	4 11	3 9	3 9	1 2
Consolidated net profit . . . . .	55.9 51.8	7,824 7,249	772 715	626 580	684 634	156 145
Ordinary dividends . . . . .	18.1 15.8	2,538 2,217	250 219	203 177	222 194	51 44
Profit retained in the business . . . . .	33.8 32.0	4,728 4,475	467 442	378 358	413 391	94 89
Capital employed . . . . .	722.1 689.9	101,094 96,586	9,979 9,534	8,088 7,727	8,839 8,444	2,022 1,932
Expenditure on fixed assets (net) . . . . .	55.6 51.0	7,777 7,141	768 705	622 571	680 624	156 143
Depreciation . . . . .	36.1 33.7	5,048 4,713	498 465	404 377	441 412	101 94

The figures shown above have been converted at the official parity rate for the country concerned.

## **REPORT AND ACCOUNTS OF UNILEVER N.V. AND UNILEVER LIMITED**

In addition to this English translation of the Report and Accounts of Unilever N.V., French and German translations are available on request. The Report and Accounts of Unilever Limited contain the same information, with figures in sterling.

### **“PROGRESS”**

Progress, the Unilever quarterly published in England, contains articles by authors from both inside and outside the business on current topics in which Unilever is interested. Shareholders of Unilever N.V. who are not already on our list, and who would like to receive complimentary copies, are invited to send their names and addresses to Unilever N.V., Museumpark 1, Rotterdam 2.