



Unilever Accounts 1987

ENGLISH VERSION IN GULDERS

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This booklet contains the Unilever N.V. Annual Accounts for 1987, the Auditors' Report thereon, further statutory information, and the company balance sheet of Unilever PLC. The Unilever N.V. Annual Accounts comprise the company accounts on the historical cost basis of Unilever N.V., and the consolidated accounts on the historical cost basis of the N.V. Group, the PLC Group and the combined N.V. and PLC Groups, together with supplementary current cost information on the combined N.V. and PLC Groups. Currency figures in the Unilever N.V. Annual Accounts are expressed in guilders, except where stated otherwise.

This booklet is an English translation of the original Dutch publication. There is also an English version issued by PLC with currency figures expressed in pounds sterling and containing the Unilever PLC Annual Accounts for 1987 together with the Auditors' Report thereon; it is identical with this booklet except for the difference in currency and for certain details which are required only in the United Kingdom or in the Netherlands and which are therefore not included in the N.V. or PLC versions respectively.

The Unilever N.V. Directors' Report for 1987, with figures expressed in guilders, is contained in a separate booklet entitled 'Unilever Report 1987' which is available in Dutch and in an English translation. In addition there is an English version with figures translated into US dollars, as well as an English version issued by Unilever PLC with figures in pounds sterling.

The documents 'Unilever Report 1987' and 'Unilever Accounts 1987' in the Dutch language, with figures expressed in guilders, together comprise the full Annual Report and Accounts and further statutory information, drawn up in accordance with Dutch legislation.

Copies of both Unilever documents and of all other versions thereof can be obtained without charge on application to: Unilever N.V., External Affairs Department, PO Box 760, 3000 DK Rotterdam, or Unilever PLC, External Affairs Department, PO Box 68, Unilever House, London EC4P 4BQ.

Unilever

The two parent companies, Unilever N.V. and Unilever PLC, operate as nearly as practicable as a single company, have identical Boards of Directors and are linked by agreements, including an Equalisation Agreement which is designed so that the position of the shareholders of both companies is as nearly as possible the same as if they held shares in a single company. The combined affairs of N.V. and PLC are, therefore, more important to shareholders than those of the two separate companies.

Consequently, combined accounts are prepared for Unilever N.V. and Unilever PLC which comprise an aggregation of the consolidated accounts of Unilever N.V. and its group companies and the consolidated accounts of Unilever PLC and its group companies.

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

Companies legislation

The accounts set out on pages 2 to 39 have been prepared under the historical cost convention with the exception of pages 26 and 27, where current cost information has been presented. The accounts comply with Civil Code, Book 2 in the Netherlands and the United Kingdom Companies Act 1985.

Accounting standards

The accounts comply with Accounting Standards (SSAPs) in the United Kingdom, except for the treatment of deferred taxation as explained below, and with current Dutch accounting principles.

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

OECD Guidelines

In preparing our Report and Accounts we adhere to the disclosure recommendations of the OECD Guidelines for Multinational Enterprises.

Group companies

With the exception of Unilever United States, Inc. and its subsidiaries, to which reference is made below:

- companies included in the consolidation of N.V. (N.V. group companies) are the companies in which, directly or indirectly, N.V. holds more than half of the total issued capital and companies in which, directly or indirectly, N.V. holds half or less of the total issued capital where their consolidation is in accordance with the true and fair view required to be given by the accounts;
- companies included in the consolidation of PLC (PLC group companies) are those in which, directly or indirectly, PLC holds more than half of the equity capital and those in which, directly or indirectly, PLC is a shareholder and controls the composition of a majority of the board of directors.

On 30th December, 1987 Unilever United States, Inc. issued to PLC new common stock having a nominal value equal to one-third of the common stock then in issue and held solely by N.V. To present the new ownership most clearly in the accounts of the N.V. and PLC Groups, the assets and liabilities of Unilever United States, Inc. and its subsidiaries as at 31st December, 1987 have been included proportionally, allocated 75% to the N.V. Group and 25% to the PLC Group. The consolidated results for 1987 of Unilever United States, Inc. and its subsidiaries have been attributed wholly to the N.V. Group.

A list of principal group companies is given on pages 28 to 30.

Related companies

Related companies (associated companies and trade investments) are those, other than group companies, in which N.V. or PLC directly or indirectly has a shareholding, on a long-term basis, for the purpose of securing a contribution to the Group's activities.

Associated companies are related companies in respect of which N.V. or PLC is in a position to exercise significant influence. The results of associated companies included in the consolidated accounts are for periods ending not earlier than 30th June.

Trade investments are related companies other than associated companies.

A list of principal related companies is given on page 31.

Foreign currencies

Exchange differences arising in the accounts of individual companies from transactions denominated in foreign currencies are dealt with in the individual companies' profit and loss accounts. Those arising on trading transactions are taken to operating profit; those arising on cash, current investments and borrowings are considered similar in nature to the interest on the corresponding asset or liability and are therefore included with interest receivable or interest payable as appropriate. The amounts involved are shown in notes (5) and (6) on page 10.

In preparing the consolidated accounts of N.V. in guilders and of PLC in sterling, (a) profit and loss accounts for the year, (b) assets and liabilities at the year end, and (c) sources and uses of funds for the year are translated at year-end rates of exchange. The effect of exchange rate changes during the year on the assets and liabilities at the beginning of the year is recorded as a movement in profit retained.

In arriving at the combined figures in guilders or sterling, the figures for N.V. in guilders or PLC in sterling are translated at the year-end sterling/guilder exchange rate, except for the ordinary capital of N.V. or PLC, which is translated at the Equalisation Agreement rate of £1 = Fl. 12. The effect of restating the assets and liabilities of N.V. or PLC at the beginning of the year at the year-end sterling/guilder exchange rate is described as sterling/guilder realignment and is shown as a movement in profit retained.

Fixed assets

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

Tangible assets are stated at cost (net of capital-based grants) less depreciation. Depreciation is provided by the straight-line method at percentages of cost based on the expected average useful lives of the assets. Estimated useful lives by major class of depreciable assets are as follows, the range of lives within each class reflecting the diversity of the assets:

Freehold buildings (no depreciation on freehold land)	33–40 years
Leasehold land and buildings (or life of lease if less than 33 years)	33–40 years
Plant and equipment	5–20 years
Motor vehicles	3– 6 years
Ships	10–20 years

Attention is drawn to note (9) on page 11.

Fixed investments comprise interests in and loans to related companies and other investments held on a continuing basis.

Interests in associated companies are stated in the consolidated balance sheets at the Group's share of their net assets; the Group's share of associated companies' profits and losses is included in the consolidated profit and loss accounts; and its share of their retained profits and reserves accrued since acquisition, or since the initial investment where a company has changed from being a group company to an associated company, is included in consolidated profit retained.

Trade investments are stated at cost less amounts written off and dividends from these shareholdings are accounted for when received.

Other fixed investments, which are stated at cost less amounts written off, consist of long-term shareholdings in companies that are not group companies or related companies and long-term loans other than to group companies or related companies.

Current assets

Stocks are stated at the lower of cost and estimated net realisable value, after provisions for obsolescence. Cost is mainly average cost. It comprises direct costs and, where appropriate, a proportion of production overheads.

Debtors are stated after deducting adequate provision for doubtful debts.

Current investments are liquid funds temporarily invested and are shown at their realisable value, the difference between this and cost being taken to other interest receivable and similar income in the profit and loss accounts.

Provisions for liabilities and charges

Liabilities in respect of retirement and death benefits to past and present employees are provided for by payments to pension and provident funds and by making provisions for unfunded pensions. The amounts of the payments/charges are determined on an actuarial basis so that over the long term the funds and provisions will be adequate to meet the liabilities. The provisions for unfunded pensions and similar obligations represent the estimated present value of the future liability for retirement and death benefits, other than benefits provided through pension and provident funds, after taking account of future charges.

Deferred taxation, calculated at current rates of tax unless future rates have been enacted, includes:

- (a) tax liabilities arising from the accelerated depreciation of tangible assets for tax purposes;
- (b) tax liabilities relating to stock reliefs;
- (c) estimated future tax relief on the provisions for unfunded pensions;
- (d) tax on short-term and other timing differences;
- (e) provision for taxation on the revaluation of the net assets of new interests acquired.

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

The deferred taxation provisions which would be released if SSAP 15 were applied are given for information in notes (7) and (19) on pages 10 and 19 respectively.

Research and development

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

Turnover

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

Inter-group pricing for goods and services

International trade in own manufactured goods between group companies is relatively unimportant, amounting to less than 7% of sales to third parties and related companies. The preferred method for determining the transfer prices is to take the market price; where there is no market price, the two managements concerned engage in arm's length negotiations. Normally this will lead to a price fixed at ex-works cost plus an appropriate percentage for a profit mark-up. Where required the method employed is discussed and agreed with the government authorities of the countries concerned.

General services provided by central advisory departments and research laboratories are charged to group companies on the basis of fees under agreements approved where necessary by the government authorities of the countries concerned.

Where a central purchasing department buys goods for a group company for use in its production, then that company is either treated as the buyer in the contract or is given the benefit of the central purchasing department's contract price.

However, where a specialist buying service is provided directly by one unit for another, an appropriate commission is generally either included in the price or shown on the face of the relevant documents. In most of these cases the method applied is based on agreements with the taxation and other government authorities of the countries concerned.

Leases

Lease rental payments, which are principally in respect of operating leases, are charged to the profit and loss accounts on a straight-line basis over the lease term, or between rent reviews where these exist, except in cases where another systematic and rational basis is more appropriate.

Current cost information

Current cost information and the particular accounting policies followed in its preparation are set out on pages 26 and 27.

Chesebrough-Pond's group of companies

Unilever's offer for Chesebrough-Pond's Inc. was declared unconditional on 30th December, 1986 and legal ownership of 95.4% of the company's stock vested on that date, the company thus becoming a Unilever subsidiary.

In view of the temporary nature of Unilever's control over significant parts of the Chesebrough-Pond's group, and the imprecision with which the remaining parts could be valued in the time available, it was considered that the true and fair view in the Unilever 1986 Annual Accounts was better served by not consolidating Chesebrough-Pond's Inc. and its subsidiaries. Accordingly, the Unilever investment in Chesebrough-Pond's Inc. was included in the 1986 Unilever group accounts at cost.

In the 1987 Unilever group accounts Chesebrough-Pond's Inc. and those of its subsidiaries not identified for early disposal have been consolidated with effect from 1st January, 1987. Unilever ownership of Chesebrough-Pond's Inc. was increased to 100% on 10th February, 1987.

Those parts of the Chesebrough-Pond's group which were identified for early disposal, and have now been sold, were valued on acquisition at the present value of the net proceeds of sale realised in 1987. Neither the 1987 results of those businesses nor interest on their acquisition values have been included in the Unilever results.

CONSOLIDATED PROFIT AND LOSS ACCOUNTS

for the year ended 31st December

Fl. million

Combined			N.V.		PLC	
1986	1987		1986	1987	1986	1987
55 363	55 111	Turnover (1)	36 146	37 037	19 217	18 074
(35 749)	(34 057)	Cost of sales (2)	(22 439)	(21 742)	(13 310)	(12 315)
19 614	21 054	Gross profit	13 707	15 295	5 907	5 759
(10 201)	(11 011)	Distribution and selling costs (2)	(7 632)	(8 445)	(2 569)	(2 566)
(5 913)	(5 627)	Administrative expenses (2)	(3 800)	(3 784)	(2 113)	(1 843)
132	156	Other operating income	79	112	53	44
3 632	4 572	Operating profit (3)	2 354	3 178	1 278	1 394
166	152	Income from fixed investments (4)	81	67	85	85
579	372	Other interest receivable and similar income (5)	370	139	209	233
(683)	(679)	Interest payable and similar charges (6)	(508)	(498)	(175)	(181)
62	(155)	Financial items	(57)	(292)	119	137
3 694	4 417	Profit on ordinary activities before taxation	2 297	2 886	1 397	1 531
(1 429)	(1 777)	Taxation on profit on ordinary activities (7)	(845)	(1 188)	(584)	(587)
2 265	2 640	Profit on ordinary activities after taxation	1 452	1 698	813	942
(121)	(124)	Outside interests in group companies	(62)	(66)	(59)	(58)
2 144	2 516	Profit on ordinary activities attributable to shareholders	1 390	1 632	754	884
—	82	Extraordinary income (8)	—	76	—	6
2 144	2 598	Profit attributable to shareholders after extraordinary income	1 390	1 708	754	890
(16)	(16)	Preference dividends	(15)	(15)	(1)	(1)
(751)	(897)	Dividends on ordinary capital	(490)	(578)	(261)	(319)
1 377	1 685	Profit of the year retained	885	1 115	492	570
1 377	1 685	Movements in profit retained	885	1 115	492	570
—	475	Profit of the year retained	—	419	—	56
(564)	(4 405)	Depreciation method change (9)	(555)	(4 180)	(9)	(225)
(8)	(2)	Goodwill: group companies (23)	5	(2)	(13)	—
—	—	associated companies	—	(2)	—	—
(799)	(25)	PLC participation in Unilever United States, Inc. (24)	(557)	317	(242)	(342)
(1 234)	169	Effect of exchange rate changes	—	—	(1 234)	169
—	—	Sterling/guilder realignment	—	—	—	—
(1 228)	(2 103)	Net movements during year	(222)	(739)	(1 006)	(1 367)
12 351	11 123	Profit retained – 1st January	5 940	5 718	6 411	5 407
11 123	9 020	Profit retained – 31st December (22)	5 718	4 979	5 405	4 041
1986	1987	Combined earnings per share				
		(for details of calculation see page 25)				
Fl. 7.64	Fl. 8.97	Guilders per Fl. 4 of ordinary capital				
35.51p	40.54p	Pence per 5p of ordinary capital				
Fl. 7.92	Fl. 9.56	On a SSAP 15 basis the figures would be:				
36.80p	43.18p	Guilders per Fl. 4 of ordinary capital				
		Pence per 5p of ordinary capital				

References between brackets relate to the notes on pages 9 to 13, 22 and 23.

CONSOLIDATED BALANCE SHEETS

as at 31st December

Fl. million

Combined		N.V.		PLC	
1986	1987	1986	1987	1986	1987
11 316	12 869	Fixed assets			
6 438	—	7 235	7 893	4 081	4 976
795	734	6 438	—	—	—
		485	423	310	311
18 549	13 603	14 158	8 316	4 391	5 287
		Current assets			
8 210	8 250	5 044	4 785	3 166	3 465
7 327	8 045	4 880	5 163	2 447	2 882
6 467	1 804	5 435	1 499	1 032	305
3 997	1 593	2 426	855	1 571	738
26 001	19 692	17 785	12 302	8 216	7 390
		Less:			
7 146	1 169	Creditors due within one year			
8 507	9 373	5 613	650	1 533	519
		5 895	6 187	2 612	3 186
6 438	—	6 438	—	—	—
945	1 525	559	924	386	601
531	644	346	412	185	232
2 434	6 981	(1 066)	4 129	3 500	2 852
20 983	20 584	13 092	12 445	7 891	8 139
		Net current assets/liabilities			
		Total assets less current liabilities			
2 678	2 946	2 166	1 946	512	1 000
280	439	226	353	54	86
239	202	77	96	162	106
		Creditors due after more than one year			
3 166	3 364	2 576	2 688	590	676
1 800	2 188	1 089	1 290	711	898
—	—	34	(848)	(34)	848
563	1 300	266	1 018	297	282
		Provisions for liabilities and charges			
1 396	1 396	Capital and reserves			
81	84	905	905	491	491
10 780	8 665	52	52	29	32
		5 701	4 945	5 079	3 720
12 257	10 145	6 658	5 902	5 599	4 243
20 983	20 584	13 092	12 445	7 891	8 139
		Total capital employed			

18th March, 1988

References between brackets relate to the notes on pages 11 to 22.

for the year ended 31st December

Fl. million

Combined			N.V.		PLC	
1986	1987		1986	1987	1986	1987
3 694	4 417	Funds generated from operations				
		Profit on ordinary activities before taxation	2 297	2 886	1 397	1 531
		Elimination of items not involving a flow of funds:				
1 282	1 128	Depreciation	851	759	431	369
361	232	Unfunded pension provisions, less payments	294	199	67	33
(77)	(83)	Share of associated companies' profit before taxation, less dividends received	(31)	(28)	(46)	(55)
(24)	(123)	Others	(34)	(80)	10	(43)
5 236	5 571		3 377	3 736	1 859	1 835
		Funds from other sources				
330	(359)	Increase/decrease in borrowings due after more than one year	189	(472)	141	113
—	787	Sale of preference shares in a group company	—	787	—	—
5 566	5 999	Total sources	3 566	4 051	2 000	1 948
		Payments for:				
(1 317)	(1 736)	Taxation	(838)	(1 229)	(479)	(507)
(704)	(804)	Dividends	(488)	(529)	(216)	(275)
(1 932)	(1 786)	Capital expenditure, less disposals	(1 267)	(1 270)	(665)	(516)
(605)	(2 475)	Purchase/sale of group companies (23)	(816)	(2 325)	211	(150)
25	83	Purchase/sale of fixed investments	26	98	(1)	(15)
—	—	PLC participation in Unilever United States, Inc. (24)	—	1 444	—	(1 444)
		Increase/decrease in:				
209	(515)	Stocks	182	(360)	27	(155)
(189)	(881)	Debtors	(109)	(758)	(80)	(123)
428	714	Trade and other creditors	388	528	40	186
—	—	Inter-group N.V./PLC	910	(410)	(910)	410
(303)	11	Other uses	(189)	7	(114)	4
(4 388)	(7 389)	Total uses	(2 201)	(4 804)	(2 187)	(2 585)
1 178	(1 390)	Net increase/decrease in net liquid funds	1 365	(753)	(187)	(637)
1 971	3 318	Net liquid funds 1st January	441	2 248	1 530	1 070
464	267	Effect of exchange rate changes	442	209	22	58
(295)	33	Sterling/guilder realignment	—	—	(295)	33
2 140	3 618	Revised opening funds	883	2 457	1 257	1 161
1 178	(1 390)	Net increase/decrease in net liquid funds	1 365	(753)	(187)	(637)
3 318	2 228	Net liquid funds 31st December	2 248	1 704	1 070	524
		of which:				
6 467	1 804	Current investments	5 435	1 499	1 032	305
3 997	1 593	Cash at bank and in hand	2 426	855	1 571	738
(7 146)	(1 169)	Borrowings due within one year	(5 613)	(650)	(1 533)	(519)

References between brackets relate to the notes on pages 22 and 23.

Fl. million

Combined		N.V.		PLC	
1986	1987	1986	1987	1986	1987
(1) Turnover					
Analysis by geographical areas:					
34 368	34 456	23 879	24 069	10 489	10 387
9 726	10 252	8 343	9 063	1 383	1 189
11 269	10 403	3 924	3 905	7 345	6 498
55 363	55 111	36 146	37 037	19 217	18 074
Analysis by operations:					
27 536	27 205	19 293	18 929	8 243	8 276
15 566	16 992	11 063	12 493	4 503	4 499
4 192	4 371	3 357	3 514	835	857
8 069	6 543	2 433	2 101	5 636	4 442
55 363	55 111	36 146	37 037	19 217	18 074
(2) Costs					
35 749	(34 057)	(22 439)	(21 742)	(13 310)	(12 315)
(10 201)	(11 011)	(7 632)	(8 445)	(2 569)	(2 566)
(5 913)	(5 627)	(3 800)	(3 784)	(2 113)	(1 843)
(51 863)	(50 695)	(33 871)	(33 971)	(17 992)	(16 724)
These comprise:					
(7 982)	(7 942)	(5 356)	(5 584)	(2 626)	(2 358)
(11)	(14)	(6)	(7)	(5)	(7)
(839)	(727)	(584)	(497)	(255)	(230)
(408)	(412)	(332)	(342)	(76)	(70)
(761)	(771)	(633)	(660)	(128)	(111)
(5)	(7)	(3)	(4)	(2)	(3)
(10 006)	(9 873)	(6 914)	(7 094)	(3 092)	(2 779)
(28 319)	(27 128)	(17 372)	(17 025)	(10 947)	(10 103)
(1 282)	(1 128)	(851)	(759)	(431)	(369)
(103)	(130)	(71)	(102)	(32)	(28)
(289)	(300)	(216)	(244)	(73)	(56)
(19)	(15)	(11)	(9)	(8)	(6)
(247)	(200)	(101)	(119)	(146)	(81)
26	213	26	138	—	75
(11 624)	(12 134)	(8 361)	(8 757)	(3 263)	(3 377)
(51 863)	(50 695)	(33 871)	(33 971)	(17 992)	(16 724)
(985)	(1 100)	(639)	(733)	(346)	(367)
(3) Operating profit					
Analysis by geographical areas:					
2 138	2 626	1 665	2 036	473	590
369	798	353	729	16	69
1 125	1 148	336	413	789	735
3 632	4 572	2 354	3 178	1 278	1 394
Analysis by operations:					
1 973	2 344	1 497	1 731	476	613
815	1 358	420	905	395	453
441	550	332	400	109	150
403	320	105	142	298	178
3 632	4 572	2 354	3 178	1 278	1 394

^{a)} With effect from 1st January, 1987 Turkish operations, reported in 1986 within the Rest of the World, are included in the European figures. Comparative figures for 1986 have been restated.

Fl. million

Combined			N.V.		PLC	
1986	1987		1986	1987	1986	1987
		(4) Income from fixed investments				
117	122	Share of associated companies' profit before taxation	47	51	70	71
		Income from trade investments:				
12	12	Listed shares	7	5	5	7
12	10	Unlisted shares	4	5	8	5
		Income from other investments:				
—	2	Listed	—	2	—	—
22	2	Unlisted	20	2	2	—
3	4	Interest on loans	3	2	—	2
166	152		81	67	85	85
		(5) Other interest receivable and similar income				
518	320	Interest receivable	365	120	153	200
61	52	Exchange differences	5	19	56	33
579	372		370	139	209	233
		(6) Interest payable and similar charges				
(626)	(625)	Interest on borrowings	(506)	(417)	(120)	(208)
(81)	(68)	Other interest payable	(25)	(59)	(56)	(9)
24	14	Exchange differences	23	(22)	1	36
(683)	(679)		(508)	(498)	(175)	(181)
(326)	(493)	Interest on borrowings, the final repayment of which will be made within five years, amounted to	(228)	(323)	(98)	(170)
		(7) Taxation on profit on ordinary activities				
		Current year:				
(1 464)	(1 738)	Parent and group companies	(909)	(1 182)	(555)	(556)
(47)	(50)	Associated companies	(13)	(17)	(34)	(33)
(1 511)	(1 788)		(922)	(1 199)	(589)	(589)
		Adjustments previous years:				
82	10	Parent and group companies	77	11	5	(1)
—	1	Associated companies	—	—	—	1
82	11		77	11	5	—
(1 429)	(1 777)		(845)	(1 188)	(584)	(589)
		Full provision has been charged for deferred taxation, as explained on page 2, in respect of:				
(16)	(227)	Accelerated depreciation	(9)	(196)	(7)	(31)
55	27	Stock reliefs	55	27	—	—
133	39	Unfunded pension and other provisions	101	27	32	12
172	(161)		147	(142)	25	(19)
		On a SSAP 15 basis this charge would be adjusted by:				
174	273	Accelerated depreciation	100	214	74	59
(116)	(89)	Other	(77)	(79)	(39)	(10)
58	184		23	135	35	49
2 323	2 824	Profit on ordinary activities after taxation on a SSAP 15 basis would amount to	1 475	1 833	848	991

Fl. million

Combined		N.V.		PLC	
1986	1987	1986	1987	1986	1987
Taxation on profit on ordinary activities (continued)					
The charge for PLC Parent and group companies comprises:					
United Kingdom Corporation Tax at 35% (1986: 36¼%)				(399)	(393)
less: double tax relief				239	198
plus: non-United Kingdom taxes				(395)	(361)
				(555)	(556)
The close company provisions of the United Kingdom Income and Corporation Taxes Act 1970 do not apply to PLC.					
(8) Extraordinary income					
—	69	—	59	—	10
—	13	—	17	—	(4)
—	82	—	76	—	6
The results of 1984 contained an extraordinary provision of Fl. 356 million to cover estimated losses less surpluses on the disposal of a number of businesses which were seen as not central to core strategy. This disposal programme has been substantially completed with greater success than originally expected and Fl. 82 million of the provision has been released as extraordinary income in 1987.					
(9) Tangible assets at cost less depreciation					
3 605	3 892	2 339	2 365	1 266	1 527
6 843	8 072	4 366	4 972	2 477	3 100
868	905	530	556	338	349
11 316	12 869	7 235	7 893	4 081	4 976
483	547	342	369	141	178
33	26	2	1	31	25
9	9	5	4	4	5
a) includes: freehold land					
leasehold land – long-term (50 years or over)					
leasehold land – short-term					
1 717	2 255	1 145	1 416	572	839
At 31st December, capital expenditure authorised by the Boards and not spent amounted to					
531	712	376	438	155	274
Of these amounts commitments had been entered into for					

Following a review of Unilever's methods and rates of depreciation, two changes have been introduced with effect from 1st January, 1987.

(a) For many years the composite method of depreciation, under which average rates of depreciation were applied to groupings of tangible assets, had been widely used by Unilever. Key characteristics of the method were that depreciation of individual assets continued until retirement, whether or not the individual asset was fully depreciated, and profits and losses on the retirement of assets were retained within the cumulative depreciation provision.

It is now considered more appropriate to the needs of the business to depreciate assets individually. This change of method has led to a reduction in the accumulated Group provision for depreciation of Fl. 886 million at 1st January, 1987. The Fl. 886 million, less additional deferred taxation of Fl. 407 million and less minority interests of Fl. 4 million, has been taken directly to the credit of retained profits in these accounts (see table on page 6).

The change of method is estimated to have increased operating profit in 1987 by approximately Fl. 60 million.

(b) The rates of depreciation for certain categories of plant have been reduced. In accordance with normal practice in such circumstances the net book value of the plant at 1st January, 1987 remains unchanged. The reduction in rates of depreciation has increased operating profit in 1987 by approximately Fl. 100 million.

Fl. million

	Cost			Depreciation			Net		
	Combined	N.V.	PLC	Combined	N.V.	PLC	Combined	N.V.	PLC
Tangible assets (continued)									
Movements during the year:									
Land and buildings									
1st January	5 214	3 554	1 660	1 609	1 215	394	3 605	2 339	1 266
Depreciation method change	—	—	—	(124)	(120)	(4)	124	120	4
Sterling/guilder realignment	51	—	51	12	—	12	39	—	39
Exchange rate changes	(448)	(322)	(126)	(122)	(89)	(33)	(326)	(233)	(93)
Expenditure	184	108	76	—	—	—	184	108	76
Disposals	(241)	(104)	(137)	(98)	(45)	(53)	(143)	(59)	(84)
Purchase/sale of group companies	413	370	43	116	104	12	297	266	31
PLC participation in									
Unilever United States, Inc.	—	(280)	280	—	(69)	69	—	(211)	211
Work in progress commissioned	211	118	93	—	—	—	211	118	93
Other adjustments	63	17	46	38	16	22	25	1	24
Charged to profit and loss account	—	—	—	124	84	40	(124)	(84)	(40)
31st December	5 447	3 461	1 986	1 555	1 096	459	3 892	2 365	1 521
Plant and machinery									
1st January	14 694	10 075	4 619	7 851	5 709	2 142	6 843	4 366	2 477
Depreciation method change	—	—	—	(762)	(644)	(118)	762	644	118
Sterling/guilder realignment	144	—	144	63	—	63	81	—	81
Exchange rate changes	(1 094)	(836)	(258)	(465)	(350)	(115)	(629)	(486)	(143)
Expenditure	1 201	855	346	—	—	—	1 201	855	346
Disposals	(948)	(601)	(347)	(663)	(439)	(224)	(285)	(162)	(123)
Purchase/sale of group companies	634	714	(80)	238	278	(40)	396	436	(40)
PLC participation in									
Unilever United States, Inc.	—	(697)	697	—	(284)	284	—	(413)	413
Work in progress commissioned	675	396	279	—	—	—	675	396	279
Other adjustments	55	35	20	23	24	(1)	32	11	21
Charged to profit and loss account	—	—	—	1 004	675	329	(1 004)	(675)	(329)
31st December	15 361	9 941	5 420	7 289	4 969	2 320	8 072	4 972	3 100
Payments on account and assets in course of construction									
1st January	868	530	338	—	—	—	868	530	338
Sterling/guilder realignment	10	—	10	—	—	—	10	—	10
Exchange rate changes	(80)	(55)	(25)	—	—	—	(80)	(55)	(25)
Expenditure	994	639	355	—	—	—	994	639	355
Disposals	(3)	(2)	(1)	—	—	—	(3)	(2)	(1)
Purchase/sale of group companies	26	32	(6)	—	—	—	26	32	(6)
PLC participation in									
Unilever United States, Inc.	—	(52)	52	—	—	—	—	(52)	52
Work in progress commissioned	(886)	(514)	(372)	—	—	—	(886)	(514)	(372)
Other adjustments	(24)	(22)	(2)	—	—	—	(24)	(22)	(2)
31st December	905	556	349	—	—	—	905	556	349

Fl. million

	Cost			Depreciation			Net		
	Combined	N.V.	PLC	Combined	N.V.	PLC	Combined	N.V.	PLC
Tangible assets (continued)									
Total									
1st January	20 776	14 159	6 617	9 460	6 924	2 536	11 316	7 235	4 081
Depreciation method change	—	—	—	(886)	(764)	(122)	886	764	122
Sterling/guilder realignment	205	—	205	75	—	75	130	—	130
Exchange rate changes	(1 622)	(1 213)	(409)	(587)	(439)	(148)	(1 035)	(774)	(261)
Expenditure	2 379	1 602	777	—	—	—	2 379	1 602	777
Disposals	(1 192)	(707)	(485)	(761)	(484)	(277)	(431)	(223)	(208)
Purchase/sale of group companies	1 073	1 116	(43)	354	382	(28)	719	734	(15)
PLC participation in									
Unilever United States, Inc.	—	(1 029)	1 029	—	(353)	353	—	(676)	676
Other adjustments	94	30	64	61	40	21	33	(10)	43
Charged to profit and loss account	—	—	—	1 128	759	369	(1 128)	(759)	(369)
31st December	21 713	13 958	7 755	8 844	6 065	2 779	12 869	7 893	4 976

Combined		N.V.		PLC	
1986	1987	1986	1987	1986	1987
6 438	—	6 438	—	—	—
(10) Investment in Chesebrough-Pond's Inc.					
At cost					

The cost in 1986 identified above was for 95.4% of the common stock of Chesebrough-Pond's Inc. This investment was taken up at cost in the N.V. and Combined consolidated balance sheets as at 31st December, 1986, for the reasons given on page 5. Unilever ownership of Chesebrough-Pond's Inc. was increased to 100% on 10th February, 1987 at a cost of US\$ 142 million.

		(11) Fixed investments				
302	285	Associated companies	102	111	200	174
201	167	Trade investments	111	75	90	92
27	15	Loans to related companies	16	11	11	4
90	101	Other investments	88	78	2	23
175	166	Other loans	168	148	7	18
795	734		485	423	310	311
Associated companies at share of net asset value						
180	151	Shares listed on a recognised stock exchange	—	8	180	143
122	134	Unlisted shares	102	103	20	31
302	285		102	111	200	174
345	280	Market value of listed shares	—	61	345	219
Movements during the year:						
302		1st January		102		200
(74)		Exchange rate changes		(7)		(67)
6		Sterling/guilder realignment		—		6
20		Additions		13		7
73		Share of profit after taxation		34		39
(39)		Dividends		(23)		(16)
(3)		Reclassifications		(8)		5
285		31st December		111		174

Fl. million

Combined		N.V.		PLC	
1986	1987	1986	1987	1986	1987
Fixed investments (continued)					
Trade investments at cost less amounts written off					
122	122	56	57	66	65
79	45	55	18	24	27
201	167	111	75	90	92
370	306	242	165	128	141
Market value of listed shares					
Movements during the year:					
	201		111		90
	(12)		(3)		(9)
	3		—		3
	30		19		11
	(55)		(52)		(3)
	167		75		92
31st December					
Loans to related companies					
Movements during the year:					
	27		16		11
	(2)		—		(2)
	—		—		—
	—		—		—
	(10)		(5)		(5)
	15		11		4
31st December					
Other investments					
	24	—	18	—	6
90	77	88	60	2	17
90	101	88	78	2	23
—	22	—	14	—	8
Market value of listed shares					
Unlisted includes Fl. 9 million (1986: Fl. 17 million) securities held for redemption of preference shares of National Starch and Chemical Holding Corporation					
Movements during the year:					
	90		88		2
	(38)		(38)		—
	—		—		—
	105		104		1
	(56)		(56)		—
	—		(20)		20
	101		78		23
31st December					
Other loans					
Movements during the year:					
	175		168		7
	(10)		(10)		—
	—		—		—
	60		46		14
	(59)		(56)		(3)
	166		148		18
31st December					

Fl. million

Combined			N.V.		PLC	
1986	1987		1986	1987	1986	1987
		(12) Stocks				
3 514	3 578	Raw materials and consumables	2 111	2 093	1 403	1 485
435	449	Work in progress	249	235	186	214
4 261	4 223	Finished goods and goods for resale	2 684	2 457	1 577	1 766
8 210	8 250		5 044	4 785	3 166	3 465
		(13) Debtors				
		Amounts due within one year:				
5 347	5 729	Trade debtors	3 550	3 571	1 797	2 158
71	66	Amounts owed by related companies	17	22	54	44
1 117	1 504	Other debtors	748	1 069	369	435
482	442	Prepayments and accrued income	307	262	175	180
7 017	7 741		4 622	4 924	2 395	2 817
		Amounts due after one year:				
16	11	Trade debtors	9	10	7	1
277	278	Other debtors	235	216	42	62
17	15	Prepayments and accrued income	14	13	3	2
310	304		258	239	52	65
7 327	8 045	Total debtors	4 880	5 163	2 447	2 882
		(14) Current investments				
5 902	1 338	Listed on a recognised stock exchange	4 947	1 179	955	159
565	466	Unlisted	488	320	77	146
6 467	1 804		5 435	1 499	1 032	305
6 369	1 674	The cost of current investments amounted to	5 420	1 462	949	212
		(15) Cash at bank and in hand				
1 976	1 243	On call	578	636	1 398	607
2 021	350	Repayment notice required	1 848	219	173	131
3 997	1 593		2 426	855	1 571	738
		The average number of employees during the year was: (in thousands)				
125	120	Europe	75	76	50	44
22	27	North America	16	21	6	6
155	154	Rest of the World	46	49	109	105
302	301		137	146	165	155

Fl. million

Combined			N.V.		PLC	
1986	1987		1986	1987	1986	1987
(16) Borrowings						
7 032	2 899	Bonds and similar loans	6 287	1 790	745	1 109
2 792	1 216	Bank loans and overdrafts	1 492	806	1 300	410
9 824	4 115		7 779	2 596	2 045	1 519
7 146	1 169	The repayments fall due as follows:				
		Within 1 year	5 613	650	1 533	519
170	436	After 1 year but within 2 years	140	341	30	95
906	994	After 2 years but within 5 years	801	680	105	314
1 010	894	After 5 years but within 10 years	868	638	142	256
579	612	After 10 years but within 20 years	346	280	233	332
13	10	After 20 years	11	7	2	3
2 678	2 946		2 166	1 946	512	1 000
Amounts repayable after 5 years						
Repayable by instalments:						
33	31	Bonds and similar loans	25	12	8	19
96	56	Bank loans and overdrafts	95	55	1	1
129	87		120	67	9	20
Not repayable by instalments:						
1 469	1 428	Bonds and similar loans	1 101	857	368	571
4	1	Bank loans and overdrafts	4	1	—	—
1 473	1 429		1 105	858	368	571
1 602	1 516		1 225	925	377	591
Total amount due on borrowings repayable by instalments any of which are payable after 5 years:						
80	54	Bonds and similar loans	50	24	30	30
156	120	Bank loans and overdrafts	153	115	3	5
236	174		203	139	33	35
Secured amounts are:						
46	25	Bonds and similar loans	30	23	16	2
416	296	Bank loans and overdrafts	289	150	127	14
462	321		319	173	143	148
of which:						
310	277	Secured against tangible assets	180	145	130	132
152	44	Secured against other assets	139	28	13	16
462	321		319	173	143	148

In accordance with the policy of proportional consolidation adopted for the assets and liabilities of Unilever United States, Inc. and its subsidiaries (see page 3 under Group companies) the borrowings of Unilever United States, Inc. and its subsidiaries have been apportioned between N.V. (75%) and PLC (25%). This is apparent in the table of bonds and similar loans on the page opposite.

Fl. million

Combined			N.V.		PLC	
1986	1987		1986	1987	1986	1987
Borrowings (continued)						
Bonds and similar loans						
Unilever N.V.						
75	60	6% Bonds 1972/91	75	60	—	—
201	164	7¾% Notes 1993 (US\$) ^{a)}	201	164	—	—
115	111	4½% Bonds 1984/91 (Swiss Frs.)	115	111	—	—
135	—	6¾% Bonds 1991 (Swiss Frs.)	135	—	—	—
135	—	7½% Bonds 1993 (Swiss Frs.)	135	—	—	—
27	67	Other	27	67	—	—
688	402	Total Unilever N.V. (see also page 33)	688	402		
Unilever PLC						
103	96	8% Unsecured loan notes 1985/92	—	—	103	96
178	183	8% Unsecured loan stock 1991/2006	—	—	178	183
126	103	12½% Note 1996 (US\$) ^{b)}	—	—	126	103
48	75	Other	—	—	48	75
455	457	Total Unilever PLC			455	457
Pound sterling equivalent in millions 137 (1986: 141) (see also page 38)						
Group companies:						
France:						
85	73	10¾% Bonds 1992	85	73	—	—
U.S.A.:						
326	266	9¾% Notes 1992	326	200	—	66
327	267	8¾% Notes 1998	327	200	—	67
4 350	—	5½-6½% Commercial paper 1987	4 350	—	—	—
—	120	10½% Notes 1991	—	90	—	30
—	164	12% Notes 1993	—	123	—	41
—	124	5½% Notes 1995 (Swiss Frs.) ^{c)}	—	93	—	31
—	149	10¾% Notes 1995	—	112	—	37
—	364	Other	—	273	—	91
Canada:						
68	60	6% Dual currency Bond 1986/91	—	—	68	60
—	83	Unamortised premiums ^{d)}	—	62	—	21
733	370	A series of other loans at various interest rates	511	162	222	208
7 032	2 899		6 287	1 790	745	1 109
4 703	219	of which repayable within one year	4 432	67	271	152
^{a)} Swapped into floating rate guilders. ^{b)} Swapped into floating rate sterling during 1987. ^{c)} Swapped into fixed rate US dollars. ^{d)} Unamortised premiums arise in the USA following the acquisition of Chesebrough-Pond's Inc. and the restatement of that company's long-term debt to market rates ruling at the date of acquisition. Such premiums are amortised by equal annual instalments over the period to redemption.						
Bank loans and overdrafts						
2 044	707	Loans	1 087	561	957	146
748	509	Overdrafts	405	245	343	264
2 792	1 216		1 492	806	1 300	410
2 443	950	of which repayable within one year	1 181	583	1 262	367

Fl. million

Combined		N.V.		PLC	
1986	1987	1986	1987	1986	1987
(17) Trade and other creditors					
Amounts due within one year:					
4 237	4 585	2 724	2 861	1 513	1 724
319	374	204	199	115	175
57	34	14	13	43	21
555	563	391	408	164	155
1 422	1 455	957	1 020	465	435
1 917	2 362	1 605	1 686	312	676
8 507	9 373	5 895	6 187	2 612	3 186
Amounts due after one year:					
3	2	2	1	1	1
155	278	121	223	34	55
122	159	103	129	19	30
280	439	226	353	54	86
8 787	9 812	6 121	6 540	2 666	3 272
of which:					
—	2	—	—	—	2
24	35	24	32	—	3
(18) Pensions and similar obligations					
246	245	168	164	78	81
2 920	3 119	2 408	2 524	512	595
3 166	3 364	2 576	2 688	590	676
Movements during the year:					
3 166			2 576		590
(143)			(124)		(19)
18			—		18
89			87		2
—			(50)		50
531			413		118
(297)			(214)		(83)
3 364	31st December		2 688		676

Fl. million

Combined			N.V.		PLC	
1986	1987		1986	1987	1986	1987
(19) Deferred taxation and other provisions						
Deferred taxation:						
1 736	2 285	Accelerated depreciation	895	1 294	841	991
316	283	Stock reliefs	316	270	—	13
(548)	(529)	Unfunded pension provisions	(359)	(319)	(189)	(210)
(157)	(521)	Short-term and other timing differences	(48)	(306)	(109)	(215)
1 347	1 518		804	939	543	579
(89)	(75)	Advance Corporation Tax	—	—	(89)	(75)
542	745	Other provisions	285	351	257	394
1 800	2 188		1 089	1 290	711	898
Advance Corporation Tax is available for offset against future United Kingdom Corporation Tax liabilities.						
Movements during the year:						
1 800		1st January		1 089		711
407		Depreciation method change		341		66
(67)		Exchange rate changes		(32)		(35)
24		Sterling/guilder realignment		—		24
(198)		Purchase/sale of group companies		(113)		(85)
—		PLC participation in Unilever United States, Inc.		(49)		49
228		Profit and loss account		125		103
(6)		Other adjustments		(71)		65
2 188		31st December		1 290		898
On a SSAP 15 basis deferred taxation would be reduced by:						
(1 667)	(2 269)	Accelerated depreciation	(857)	(1 278)	(810)	(991)
(283)	(226)	Stock reliefs	(283)	(213)	—	(13)
528	530	Unfunded pension provisions	339	319	189	211
189	487	Short-term and other timing differences	85	277	104	210
(1 233)	(1 478)		(716)	(895)	(517)	(583)
563	1 300	(20) Outside interests in group companies	266	1 018	297	282
The significant increase in 1987 in outside shareholders' interests in group companies arises from the sale of preference shares in a group company for Fl. 787 million. The sale agreement gives Unilever the right and, if called upon, the obligation to buy back the shares after five years at the sale price.						
(21) Called up share capital						
282	282	Preferential share capital	265	265	17	17
1 114	1 114	Ordinary share capital	640	640	474	474
1 396	1 396		905	905	491	491

Authorised			Nominal value per share	Number of shares issued	Issued and fully paid
1986	1987				1986 1987
Called up share capital (continued)					
Preferential share capital					
Fl. million		Unilever N.V.			Fl. million
75	75	7% Cumulative Preference	Fl. 1 000	29 000	29
200	200	6% Cumulative Preference	Fl. 1 000	161 060	161
75	75	4% Cumulative Preference	Fl. 100	750 000	75
350	350				265 265
£ million		Unilever PLC			£ million
0.2	0.2	5% (now 3½% plus tax credit) First Cumulative Preference	£1	172 382	0.2 0.2
3.5	3.5	7% (now 4% plus tax credit) First Cumulative Preference	£1	3 502 564	3.5 3.5
1.2	1.2	8% (now 5% plus tax credit) Second Cumulative Preference	£1	1 218 546	1.2 1.2
0.2	0.2	20% (now 14% plus tax credit) Third Cumulative Preferred Ordinary	25p	998 304	0.2 0.2
5.1	5.1				5.1 5.1
		Guilder equivalent in millions			17 17
					282 282
The 4% cumulative preference capital of N.V. is redeemable at par at the Company's option either wholly or in part.					
Ordinary share capital					
Fl. million		Unilever N.V.			Fl. million
1 000	1 000	Ordinary:			640 640
2	2	(In Fl. 4 shares)		160 041 250 ^{a)}	2 2
		(In Fl. 1 000 shares numbered 1 to 2 400)		2 400	(2) (2)
		Internal holdings eliminated in consolidation (Fl. 1 000 shares)			640 640
£ million		Unilever PLC			£ million
136.2	136.2	Ordinary (in 5p shares)	(1986)	790 412 465 ^{a)}	39.5 39.5
0.1	0.1	Deferred (in £1 stock)	(1987)	790 756 638	0.1 0.1
		Internal holdings eliminated in consolidation (£1 stock)		100 000	(0.1) (0.1)
		Guilder equivalent in millions			39.5 39.5
					474 474
					1 114 1 114

^{a)} The numbers of these ordinary shares for 1986 have been adjusted to reflect the sub-division of each share into five shares on 29th June, 1987, each new share having a nominal value one-fifth of the previous nominal value.

The increase in Unilever PLC ordinary shares is due to the issue of shares under the Unilever PLC 1985 Sharesave Scheme.

Called up share capital (continued)

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

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

		Number of shares	Nominal value		Option price per share	Date normally exercisable	
			Per share	Total value			
N.V. Share Options	1987	159 310	Fl. 4	Fl. 637 240	Fl. 70.24	1988-1995	
		12 080	Fl. 4	Fl. 48 320	Fl. 80.30	1988-1995	
		94 430	Fl. 4	Fl. 377 720	Fl. 84.60	1988-1996	
		48 010	Fl. 4	Fl. 192 040	Fl. 104.70	1988-1997	
		92 745	Fl. 4	Fl. 370 980	Fl. 103.10	1988-1997	
	1986 ^{a)}	198 350	Fl. 4	Fl. 793 400	Fl. 70.24	1987-1995	
		17 080	Fl. 4	Fl. 68 320	Fl. 80.30	1987-1995	
		117 700	Fl. 4	Fl. 470 800	Fl. 84.60	1987-1996	
	PLC 1985 Executive Share Option Schemes	1987	3 641 095	5p	£ 182 055	£ 2.275	1988-1994
			2 382 015	5p	£ 119 101	£ 2.900	1989-1995
51 000			5p	£ 2 550	£ 3.920	1989-1996	
1 342 710			5p	£ 67 136	£ 5.070	1990-1996	
29 150			5p	£ 1 458	£ 5.876	1990-1996	
1986 ^{a)}		3 666 820	5p	£ 183 341	£ 2.275	1988-1994	
		2 382 015	5p	£ 119 101	£ 2.900	1989-1995	
		51 000	5p	£ 2 550	£ 3.920	1989-1996	
PLC 1985 Sharesave Scheme		1987	8 494 225	5p	£ 424 711	£ 2.048	1990-1991
			1 393 475	5p	£ 69 674	£ 2.722	1991-1992
	1 813 094		5p	£ 90 655	£ 5.290	1992-1993	
	1986 ^{a)}	9 829 445	5p	£ 491 472	£ 2.048	1990-1991	
		1 514 640	5p	£ 75 732	£ 2.722	1991-1992	

^{a)} The numbers of shares for 1986 and their option prices have been adjusted to reflect the sub-division of each share into five shares on 29th June, 1987, each option having an option price one-fifth of the previous option price.

Internal holdings

The ordinary shares numbered 1 to 2 400 (inclusive) in N.V. and deferred stock of PLC are held as to one half of each class by N.V. Elma – a group company of N.V. – and one half by United Holdings Limited – a group company of PLC. This capital is eliminated in consolidation. It carries the right to nominate persons for election as Directors at General Meetings of shareholders. A nominal dividend of ¼% was paid on the deferred stock of PLC. The above-mentioned group companies have waived their rights to dividends on their ordinary shares in N.V. The Directors of N.V. Elma are N.V. and PLC, who with Mr F. A. Maljers and Mr M. R. Angus are also Directors of United Holdings Limited.

At 31st December, 1987 a group company of N.V. held certificates (depository receipts) representing 406 575 (1986: 231 145) Fl. 4 ordinary shares of N.V. in connection with Unilever N.V. share options. The book value of these shares is eliminated in consolidation by deduction from profit retained and other reserves (see note (22) on page 22).

Fl. million

Combined		N.V.		PLC	
1986	1987	1986	1987	1986	1987
(22) Profit retained and other reserves					
Profit retained:					
5 014	5 228	3 055	3 134	1 959	2 094
5 987	3 658	2 642	1 801	3 345	1 857
122	134	21	44	101	90
11 123	9 020	5 718	4 979	5 405	4 041
Other reserves:					
(346)	(342)	—	—	(346)	(342)
20	21	—	—	20	21
(17)	(34)	(17)	(34)	—	—
10 780	8 665	5 701	4 945	5 079	3 720
(23) Purchase/sale of group companies					
(99)	(719)	(196)	(734)	97	15
(49)	(117)	(51)	(117)	2	—
(63)	1 438	(70)	1 392	7	46
46	1 219	43	1 209	3	10
(23)	(109)	(7)	(26)	(16)	(83)
(31)	(12)	(39)	2	8	(14)
(219)	1 700	(320)	1 726	101	(26)
121	106	115	39	6	67
—	(4 159)	—	(4 159)	—	—
(564)	(246)	(555)	(21)	(9)	(225)
(662)	(2 599)	(760)	(2 415)	98	(184)
57	(422)	(56)	(456)	113	34
—	546	—	546	—	—
(605)	(2 475)	(816)	(2 325)	211	(150)

The 1987 figures in the above table include the effect of the 30th December, 1986 acquisition of Chesebrough-Pond's Inc. and its subsidiaries (see page 5).

As the acquisition of Chesebrough-Pond's Inc. took place in 1986 it has been accounted for at opening exchange rates.

The exchange rate change of Fl. 546 million identified in the table above represents the change in the use of funds when these are translated into guilders at closing exchange rates, under the convention applied in the preparation of the statement of source and use of funds on page 8.

Fl. million

Combined		N.V.		PLC	
1986	1987	1986	1987	1986	1987
(24) PLC participation in Unilever United States, Inc.					
—	—	—	676	—	(676)
—	—	—	33	—	(33)
—	—	—	205	—	(205)
—	—	—	(410)	—	410
—	—	—	(99)	—	99
—	—	—	(500)	—	500
—	—	—	(13)	—	13
—	—	—	(108)	—	108
—	—	—	1 592	—	(1 592)
—	—	—	1 484	—	(1 484)
—	—	—	(40)	—	40
—	—	—	1 444	—	(1 444)

The above table discloses the effect upon the N.V. and PLC Groups of PLC's subscription for a 25% interest in Unilever United States, Inc., accounted for on the basis of the principles of proportional consolidation (see page 3 under Group companies).

Pensions					
14 377	14 629	6 783	6 831	7 594	7 798
The book value of the assets of the funds at 31st December amounted to					
3 166	3 364	2 576	2 688	590	676
Provisions in the consolidated accounts to meet obligations under unfunded plans amounted to					

Most employees are covered by pension plans sponsored by group companies or State authorities. Company pension plans are either externally funded or financed through book reserves. All are subject to regular actuarial review. Valuations are based on conservative financial assumptions and on actuarial valuation methods the aims of which are that current and future charges remain as a stable percentage of pensionable payroll. Funding levels are such that, in aggregate, accumulated plan assets and book reserves are sufficient to cover the aggregate of all pensions in course of payment at their existing levels and the value of deferred benefits, both vested and non-vested, in respect of service to date.

Fl. million

Combined		N.V.		PLC	
1986	1987	1986	1987	1986	1987
Contingent liabilities are not expected to give rise to any material loss. They include:					
429	445	290	293	139	152
86	109	66	92	20	17
Guarantees given by the parent companies or by group companies relating to liabilities included in the consolidated accounts are not included above. A summary of guarantees given by each parent company is set out in the notes to the respective balance sheets on pages 34 and 39.					
Litigation against companies in the Group and other contingent liabilities are not considered to be material in the context of these accounts.					
Commitments					
Long-term lease commitments, principally for operating leases, in respect of:					
1 863	1 802	850	1 077	1 013	725
275	349	220	280	55	69
2 138	2 151	1 070	1 357	1 068	794
The commitments fall due as follows:					
318	327	217	240	101	87
275	285	188	212	87	73
236	244	159	182	77	62
190	209	121	155	69	54
156	164	99	117	57	47
963	922	286	451	677	471
2 138	2 151	1 070	1 357	1 068	794
710	827	609	478	101	349
358	479	295	241	63	238
Exposures on third-party fixed price contracts outstanding at 31st December for commodities, to which the bulk of contracts refer, are:					
596	983	235	475	361	508
113	116	40	38	73	78
The consolidated accounts do not anticipate the results of such contracts except that provision is made where a loss would be incurred if market prices at maturity were the same as those ruling at 31st December.					

	Fl. million		£ million	
	1986	1987	1986	1987
Combined earnings per share				
The calculation of earnings per share is based on the combined profit of the year on ordinary activities attributable to ordinary capital divided by the combined number of share units representing the combined issued ordinary capital of N.V. and PLC, after deducting the shares held by an N.V. group company. For the calculation of combined ordinary capital the rate of exchange £1 = Fl. 12 has been used, in accordance with the Equalisation Agreement. The combined numbers of share units for 1986 have been adjusted to reflect the sub-division of shares on 29th June, 1987 (see note ^a) on page 20).				
The calculations are therefore:				
Combined ordinary capital (see page 20)	1 114	1 114	93	93
Less: N.V. shares held by a group company of N.V. in connection with N.V. share options	(1)	(1)	—	—
	<u>1 113</u>	<u>1 113</u>	<u>93</u>	<u>93</u>
The combined number of share units is therefore 278 248 170 (1986: 278 371 975) of Fl. 4 or alternatively 1 854 987 804 (1986: 1 855 813 165) of 5p.				
Profit on ordinary activities attributable to shareholders	2 144	2 516	664	756
Less: preference dividends	(16)	(16)	(5)	(4)
Profit on ordinary activities attributable to ordinary capital	<u>2 128</u>	<u>2 500</u>	<u>659</u>	<u>752</u>
Divided by combined share units =	Fl. 7.64	Fl. 8.97	35.51p	40.54p
On a SSAP 15 basis the calculations would be:				
Profit on ordinary activities attributable to ordinary capital	2 205	2 661	683	801
Divided by combined share units =	Fl. 7.92	Fl. 9.56	36.80p	43.18p
The effects on combined earnings per share of (a) full conversion into PLC ordinary shares of the shares in a group company, exercisable in the year 2038 as described in note (21), and (b) the issue of ordinary shares under option, details of which are set out in note (21), are not material.				

Profit and loss accounts – Parent companies

As the accounts of Unilever N.V. have been included in the consolidated accounts its own profit and loss account on page 32 – in accordance with Dutch legislation – mentions only income from fixed investments after taxation as a separate item.

As the profit and loss account of Unilever PLC has been included in the consolidated accounts advantage has been taken of provisions in United Kingdom legislation which permit the omission of a profit and loss account from accompanying the company balance sheet on page 37.

Consolidated current cost information

Accounting policies

Introduction

The accounting policies set out on pages 3 to 5 have been followed in preparing the current cost information on page 27, except where they are inconsistent with current cost principles as explained below.

Tangible assets, depreciation and disposals

In general, the current replacement cost of tangible assets is determined by applying specific price indices in the country of location to the original cost of the assets, net of capital-based grants.

Land is stated at estimated market value based on current use.

The depreciation adjustment is the difference between depreciation on the historical cost of assets and on the current replacement cost of assets.

Net gains/losses on disposals represent the amounts necessary to restate profits and losses on the disposal of assets by reference to the current rather than historical cost of the assets concerned. The disposals dealt with in this way are those treated as exceptional items in the historical cost accounts.

Fixed investments

The share of the retained profit and reserves, and results for the year, of significant associated companies has been restated on a current cost basis consistent with that used for the consolidated companies.

Trade investments are included at estimated current value.

Net current assets

Current assets and current liabilities are stated at their values in the historical cost accounts. The difference between current replacement cost and historical cost of stocks at the balance sheet date is not material.

Working capital adjustment

The working capital adjustment comprises a cost of sales adjustment, which reflects the impact of price changes during the year on the value of normal stock required for the operation of the business, and a monetary working capital adjustment which reflects the impact of price changes on the amounts needed for monetary working capital. For this purpose monetary working capital is the net balance of debtors and creditors associated with the day to day activities of the business.

Gearing adjustment

The gearing adjustment takes credit for the proportion of the current cost adjustments to the profit and loss account which can be regarded as being financed by third parties. For this purpose finance from third parties includes all liabilities of the Group, other than creditors included in the calculation of monetary working capital, less current investments and cash. The gearing proportion is the average for the year, and is calculated as the ratio of net financial liabilities to net operating assets. In determining the average gearing proportion for 1986, the investment in Chesebrough-Pond's Inc. and the purchase consideration outstanding at 31st December, 1986 were excluded from the calculation.

Taxation

Taxation in the profit and loss account is that shown in the historical cost accounts. In accordance with the Group policy of providing in full for deferred taxation, full provision is made in the balance sheet for deferred taxation on the current cost asset revaluations, with movements being taken direct to reserves.

Outside interests in group companies

The historical cost figures have been adjusted for the portion of the current cost adjustments attributable to outside interests.

Fl. million

Consolidated current cost information	Combined	
	1986	1987
Profit and loss account for the year ended 31st December		
Turnover	55 363	55 111
Historical cost profit on ordinary activities attributable to shareholders	2 144	2 516
Adjustments:		
Depreciation	(461)	(639)
Working capital	149	(98)
Net gains/losses on disposals	(286)	(83)
Operating adjustments	(598)	(820)
Gearing	265	370
Income from fixed investments	(18)	(14)
Outside interests in group companies	23	11
Financial adjustments	270	367
Current cost profit on ordinary activities	1 816	2 063
Extraordinary income ¹⁾	—	82
Current cost profit attributable to shareholders after extraordinary income	1 816	2 145
Dividends	(767)	(913)
Current cost profit of the year retained	1 049	1 232

Balance sheet as at 31st December

Tangible assets	17 890	18 037
Fixed investments (1986 includes Chesebrough-Pond's Inc.)	7 601	1 001
	25 491	19 038
Net current assets	2 434	6 981
Total assets less current liabilities	27 925	26 019
Creditors due after more than one year	3 197	3 586
Provisions for liabilities and charges ²⁾	7 934	7 823
Outside interests in group companies	643	1 386
Capital and reserves	16 151	13 224
Total capital employed	27 925	26 019

¹⁾ The results of 1984 contained an extraordinary provision of Fl. 769 million to cover estimated losses less surpluses on the disposal of a number of businesses which were seen as not central to core strategy. This disposal programme has been substantially completed with greater success than originally expected and Fl. 82 million of the provision has been released as extraordinary income in 1987.

²⁾ Provisions for liabilities and charges include deferred taxation provisions of Fl. 2 166 million (1986: Fl. 2 849 million) related to current cost revaluation surpluses.

Combined current cost earnings per share	1986	1987
Guilders per Fl. 4 of ordinary capital	6.47	7.36
Pence per 5p of ordinary capital	30.01	33.21

as at 31st December, 1987

Introduction

The group and related companies listed are those which in the opinion of the Directors principally affect the amount of profit and assets shown in N.V.'s and PLC's consolidated accounts.

Full information as required by Article 379 of Book 2, Civil Code, in the Netherlands in respect of companies in which N.V., directly or indirectly, has a shareholding of 20% or more of the total issued capital has been filed with the Commercial Registry in Rotterdam.

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

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

Holding companies	H
Margarine, other fats and oils, dairy products	M
Other foods	F
Detergents	D
Personal products	P
Speciality chemicals	C
Paperboard and packaging	PP
Agribusiness	A
UAC Group	U
Others	O

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

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

The percentage of equity directly or indirectly held is mentioned in the margin, except where it is 100%. Where the percentage of total issued capital directly or indirectly held differs from the percentage of equity directly or indirectly held, this is stated separately. All percentages are rounded down to the nearest whole number.

Principal group companies

Europe

		%	
Austria – N.V.			
	Nordsee Ges.m.b.H.		F
	Österreichische Unilever Ges.m.b.H.		MFDP
	Unifrost Ges.m.b.H.		F
Belgium – N.V.			
	Hartog N.V.		F
	Iglo-Ola N.V.		F
	Lever N.V.		D
	Union N.V.		M
Denmark – N.V.			
	Uni-Dan A/S		MFDP
Finland – N.V.			
	Lever Oy		DP
	Paasivaara Oy		MF
France – N.V.			
99	Astra-Calvé S.A.		MF
99	Compagnie des Glaces et Surgelés Alimentaires S.A.		F
99	Française d'Alimentation et de Boissons S.A.		F
99	Française de Soins et Parfums S.A.		P
99	Lever S.A.		D
99	4P Emballages France S.A.		PP
99	Unilever Export France S.A.		O
99	Unilever France S.A.		H
– PLC			
99	CNF S.A.		U
99	Niger France S.A.		U
Germany – N.V.			
	Deutsche Unilever G.m.b.H.		H
	(Percentage of total issued capital held – 75)		O
	'Elbe' Transport G.m.b.H.		P
	Elida-Gibbs G.m.b.H.		F
	Langnese-Iglo G.m.b.H.		F
	Lever G.m.b.H.		D
	Meistermarken-Werke G.m.b.H., Spezialfabrik für Back- und Grossküchenbedarf		MF
	'Nordsee' Deutsche Hochseefischerei G.m.b.H.		PP
	4P Folie Forchheim G.m.b.H.		PP
	4P Nicolaus Kempten G.m.b.H.		PP
	4P Rube Göttingen G.m.b.H.		PP
	4P Verpackungen Ronsberg G.m.b.H.		PP
	Schafft Fleischwerke G.m.b.H.		F
	'Unichema' Chemie G.m.b.H.		C
	Union Deutsche Lebensmittelwerke G.m.b.H.		MF
Greece – N.V.			
50	'Elais' Oleaginous Products A.E.		M
	Lever Hellas A.E.B.E.		D
Ireland – PLC			
	HB Ice Cream Ltd.		F
	Lever Brothers (Ireland) Ltd.		D
	Paul and Vincent Ltd.		A
	W. & C. McDonnell Ltd.		MF

as at 31st December, 1987

Principal group companies (continued)

%		
	Italy - N.V.	
	3C Industriale S.p.A. (PLC 25%)	DP
	Lever Sodel S.p.A.	D
	Sagit S.p.A.	F
	Unil-It S.p.A.	MFDP
	The Netherlands - N.V.	
	Algemeen Vrachtkantoor B.V.	O
	Van den Bergh en Jurgens B.V.	MF
	Calvé Nederland B.V.	F
	Crosfield Chemie B.V.	C
	Exportslachterij Udemá B.V.	F
	Iglo-Ola B.V.	F
	Lever B.V.	D
	Lever Industrial B.V.	D
	Loders Croklaan B.V.	M
	Lucas Aardenburg B.V.	F
99	Naarden International N.V.	C
	Nederlandse Unilever Bedrijven B.V. (percentage of total issued capital held - 99)	H
	4P Drukkerij Reclame B.V.	PP
	Quest Nederland B.V.	C
	Unichema Chemie B.V.	C
	Unilever Export B.V.	O
	UniMills B.V.	M
	UVG Nederland B.V.	F
	Vinamul B.V.	C
	Zeeppabriek de Fenix B.V.	D
	Portugal - N.V.	
74	Iglo Indústrias de Gelados, Lda.	F
60	Indústrias Lever Portuguesa, Lda.	DP
	Spain - N.V.	
	Agra S.A.	M
99	Frigo S.A.	F
90	Industrias Revilla S.A.	F
	Lever España S.A.	D
	Pond's Española S.A. (PLC 25%)	P
	Unilever España S.A.	H
	Sweden - N.V.	
	Elida Gibbs AB	P
90	Glacé-Bolaget AB	F
	Lever AB	DP
	Leverindus AB	D
	Margarinbolaget AB (percentage of total issued capital held - 50)	M
	Novia Livsmedelsindustrier AB	F
	Pierre Robert AB	P
	Svenska Unilever Förvaltnings AB	H
	Switzerland - N.V.	
95	'Astra', Fett- und Oelwerke A.G.	M
	Chesebrough-Pond's (Genève) S.A. (PLC 25%)	P
	Elida Cosmetic A.G.	P
	Lever A.G.	DP
	Meina Holding A.G.	H
	Sais	MF
	A. Sutter A.G.	D
	Unilever (Schweiz) A.G.	O
	Turkey - N.V.	
65	Unilever-Iş Ticaret ve Sanayi Türk Limited Şirketi	MFDP

%		
	United Kingdom - N.V.	
	Chesebrough-Pond's Ltd. (PLC 25%)	P
	- PLC	
	Batchelors Foods Ltd.	F
	Birds Eye Wall's Ltd.	F
	BOCM Silcock Ltd.	A
	Brooke Bond Group Ltd.	H
	Brooke Bond Oxo Ltd.	F
	Joseph Crosfield & Sons Ltd.	C
	C.W.A. Holdings Ltd.	U
	Elida Gibbs Ltd.	P
	Lever Brothers Ltd.	D
	Lever Industrial Ltd.	D
	H. Leverton Ltd.	U
	Lipton Export Ltd.	F
	Lipton Tea Company Ltd.	F
	Loders Croklaan Ltd.	M
	Marine Harvest Ltd.	A
	Mattessons Wall's Ltd.	F
	National Seed Development Organisation Ltd.	A
	Oxoid Ltd.	O
	Quest International (Fragrances, Flavours, Food Ingredients) UK Ltd.	C
	UAC Ltd.	U
	UAC International Ltd.	U
	UML Ltd.	O
	Unichema Chemicals Ltd.	C
	Unilever Export Ltd.	O
	Unilever U.K. Central Resources Ltd.	O
	Unilever U.K. Holdings Ltd.	H
	United Agricultural Merchants Ltd.	A
	Van den Berghs and Jurgens Ltd.	M
	Vinamul Ltd.	C
	John West Foods Ltd.	F

North America

%		
	Canada - N.V.	
	Chesebrough-Pond's (Canada) Inc. (PLC 25%)	P
	- PLC	
	Lever Brothers Limited	D
	Thomas J. Lipton Inc.	MF
	A & W Food Services of Canada Ltd.	F
	Unilever Canada Limited	H
	United States of America - N.V. (75%); PLC (25%)	
	Chesebrough-Pond's Inc.	P
	Lawry's Foods, Inc.	F
	Lever Brothers Company	MF
	Thomas J. Lipton, Inc.	F
	National Starch and Chemical Corporation	C
	Prince Matchabelli Inc.	P
	Ragú Foods Inc.	F
	Unilever Capital Corporation	O
	Unilever United States, Inc.	H

as at 31st December, 1987

Principal group companies (continued)
Rest of the World

		%
99	Argentina – N.V. Lever y Asociados s.a.c.i.f.	MFDPC
	Australia – PLC Unilever Australia Ltd.	MFDPCO
61	Bangladesh – PLC Lever Brothers Bangladesh Ltd.	FDPC
99	Brazil – N.V. Indústrias Gessy Lever Ltda.	MFDPC
99	Cameroun – PLC R. W. King S.A.	U
	Chile – N.V. Lever Chile S.A. (PLC 25%)	MFDPC
60	Colombia – N.V. Compañía Colombiana de Grasas 'Cogra-Lever' S.A. Plantaciones Unipalma de Los Llanos S.A.	MDP A
90	Côte d'Ivoire – PLC Blohorn S.A.	MDAPP
99	CFCI S.A.	U
67	Uniwax S.A.	U
98	Gabon – PLC Hatton et Cookson S.A.	U
60	Ghana – PLC UAC of Ghana Ltd.	U
51	India – PLC Hindustan Lever Ltd.	MDPCA
85	Indonesia – N.V. P.T. Unilever Indonesia	MFDPC
	Japan – N.V. Nippon Lever B.V. (incorporated in the Netherlands)	MFDPC
88	Kenya – PLC Brooke Bond Kenya Ltd.	AO
54	East Africa Industries Ltd. Gailey & Roberts Ltd.	MFDPC U
	Malawi – PLC Lever Brothers (Malawi) Ltd.	MDPC
70	Malaysia – PLC Lever Brothers (Malaysia) Sdn. Bhd. Pamol Plantations Sdn. Bhd.	MFDPC A
60	Mexico – N.V. Anderson Clayton & Co. S.A. (PLC 15%) Pond's de Mexico S.A. de C.V. (PLC 25%)	MFA P
	Netherlands Antilles – N.V. Mavibel International N.V. Unilever Becumij N.V.	O O
	New Zealand – PLC Unilever New Zealand Ltd.	FDPC
99	Niger – PLC Niger-Afrique S.A.	U
60	Nigeria – PLC Pamol (Nigeria) Ltd.	A
66	Pakistan – PLC Lever Brothers Pakistan Ltd.	MDPC
	Philippines – N.V. Philippine Refining Company Inc.	MFDPC
87	Sierra Leone – PLC UAC of Sierra Leone Ltd.	U
	Singapore – PLC Lever Brothers Singapore Sdn. Bhd.	MDP
60	Solomon Islands – PLC Lever Solomons Ltd.	A
	South Africa – PLC Unilever South Africa (Pty.) Ltd.	MFDPC
	Sri Lanka – PLC Lever Brothers (Ceylon) Ltd.	MDPCA
92	Taiwan – N.V. Formosa United Industrial Corporation Ltd.	D
	Tanzania – PLC UAC of Tanzania Ltd.	U
78	Tchad – PLC Brasseries du Logone S.A.	U
	Thailand – N.V. Lever Brothers (Thailand) Ltd.	MFDPC
50	Trinidad – PLC Lever Brothers West Indies Ltd.	MFDPC
	Uganda – PLC Gailey & Roberts (Uganda) Ltd.	U
80	Uruguay – N.V. Sudy Lever S.A. (PLC 26%)	D
	Venezuela – N.V. Lever S.A.	FDP
58	Zaire – N.V. Plantations Lever au Zaire s.a.r.l. Compagnie des Margarines, Savons et Cosmétiques au Zaire s.a.r.l.	A MDPC
99	– PLC Sedec s.a.r.l.	U
	Zimbabwe – PLC Lever Brothers (Private) Ltd.	MFDPC

as at 31st December, 1987

Principal related companies

Associated companies

Europe

%		
50	Denmark – N.V. Margarinefabrikken Alfa-Solo A/S	M
50	Germany – N.V. Fritz Homann Lebensmittelwerke G.m.b.H. & Co. K.G.	MF
40	Portugal – N.V. FIMA – Produtos Alimentares, Lda.	M

Rest of the World

%		
30	Korea – N.V. Aekyung Industrial Company Limited	DP
40	Nigeria – PLC Lever Brothers Nigeria Ltd.	MFDP
14	Nigerian Breweries Ltd.	U
40	UAC of Nigeria Ltd.	U
50	El Salvador – N.V. Industrias Unisola S.A.	MFDP
40	Saudi Arabia – PLC Binzagr-Lever Ltd.	P

Trade investments

Europe

%		
37	The Netherlands – N.V. Gamma Holding N.V. (percentage of total issued capital held – 35)	O

Rest of the World

%		
14	Nigeria – PLC Guinness Nigeria Ltd.	U

The balance sheet below includes the proposed profit appropriation.

Fl. million

1986		1987
	Balance sheet as at 31st December	
2 245	Fixed assets	
	Fixed investments	4 579
	Current assets	
2 279	Debtors	1 756
771	Current investments	545
844	Cash at bank and in hand	203
3 894		2 504
1 306	Less: Creditors due within one year	2 441
2 588	Net current assets	63
4 833	Total assets less current liabilities	4 642
769	Creditors due after more than one year	471
51	Provisions for liabilities and charges	85
(1)	Inter-group N.V./PLC	(7)
	Capital and reserves	
	Called up share capital:	
265	Preferential share capital (21)	265
642	Ordinary share capital (21)	642
907		907
52	Share premium account	52
3 055	Profit retained and other reserves	3 134
4 014		4 093
4 833	Total capital employed	4 642
	Profit and loss account for the year ended 31st December	
424	Income from fixed investments after taxation	735
267	Other income and expense	(42)
691	Profit of the year	693

Pages 3 to 31, 33 and 34 contain the notes to the Unilever N.V. company accounts.

For the information as required by Article 392 of Book 2, Civil Code, reference is made to pages 35 and 36.

The Board of Directors

18th March, 1988

References between brackets relate to a note on page 20.

Fl. million

1986	1987	1986	1987
Fixed investments		Creditors	
—	13	33	24
1 929	1 933	38	28
316	2 633	331	940
2 245	4 579	470	924
Shares in group companies		48	51
Shares in group companies are stated at cost. The cost of N.V. shares purchased and held by a group company has been deducted from this heading.		33	30
Movements during the year:		7	34
1st January	1 929	346	410
Purchase of shares	24	1 306	2 441
N.V. shares held by a group company	(20)		
31st December	1 933		
Loans to group companies		Due after one year:	
Movements during the year:		655	378
1st January	316	114	93
Additions	2 607	769	471
Redemptions	(194)		
Exchange differences	(96)		
31st December	2 633		
Debtors		These include amounts due after five years:	
2 186	1 641	330	226
2	2		
85	113	Provisions for liabilities and charges	
6	—	91	97
2 279	1 756	(48)	(21)
6	4	8	9
Current investments		51	85
771	545	18	19
—	—	of which due within one year	
771	545	Ordinary share capital	
The cost of current investments amounted to		Shares numbered 1 to 2 400 are held by a group company of Unilever N.V. and a group company of Unilever PLC. Additionally, 406 575 Fl. 4 ordinary shares are held by another group company. Full details are given in note (21) on page 21.	
787	524	Share premium account	
Cash at bank and in hand		For the application of Article 44 of the Income Tax Act 1964 only a small part, if any, of the premium shown in the balance sheet is available for issue of tax free bonus shares.	
753	100		
includes items for which notice of repayment is required amounting to			

References between brackets relate to a note on page 17.

Fl. million

1986		1987
	Profit retained and other reserves	
3 073	Profit retained	3 172
(18)	Cost of Unilever N.V. shares purchased and held by a group company	(38)
<u>3 055</u>	31st December	<u>3 134</u>
	Profit retained and Profit of the year shown in this balance sheet and the notes thereto are less than the amounts shown under these headings in the consolidated balance sheet and profit and loss account, mainly because only part of the profits of the group companies is distributed in the form of dividend.	
	Contingent liabilities are not expected to give rise to any material loss. They include:	
	Guarantees given for group and other companies, under which amounts outstanding at 31st December were as follows:	
6 430	For N.V. group companies	2 070
30	For PLC group companies	—
7	Others	33
<u>6 467</u>		<u>2 103</u>
5 207	Of the above, guaranteed also by Unilever PLC	905

Further information Unilever N.V. as required by Article 392,
Book 2, Civil Code

Report of the auditors to the members of Unilever N.V.

We have examined the accounts expressed in guilders of Unilever N.V., which include the accounts of the N.V. Group, the PLC Group, and the combined N.V. and PLC Groups.

In our opinion the accounts set out on pages 2 to 34 give a true and fair view of the state of affairs of Unilever N.V., the N.V. Group, the PLC Group, and the combined N.V. and PLC Groups at 31st December, 1987 and of their profit and source and use of funds for the year then ended.

Coopers & Lybrand Nederland
Rotterdam

Coopers & Lybrand
London

As auditors of Unilever N.V.,
in respect of the
accounts of Unilever N.V.,
the N.V. Group and the
combined N.V. and
PLC Groups

As auditors of Unilever PLC,
in respect of the
accounts of Unilever PLC,
the PLC Group and the
combined PLC and
N.V. Groups

18th March, 1988

A separate audit report has been issued to the members of Unilever PLC on the accounts of Unilever PLC and the PLC Group, in accordance with legal requirements in the United Kingdom, and on the accounts of the N.V. Group and the accounts of the combined PLC and N.V. Groups. Those accounts are expressed in pounds sterling.

Fl. million

 Further information Unilever N.V. as required by Article 392,
 Book 2, Civil Code

The rules for profit appropriation in the Articles of Association (summary of Article 41)

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

Proposed profit appropriation

1986		1987
691	Profit of the year	693
(15)	Preference dividends	(15)
<hr/>		
676	Profit at disposal of the Annual General Meeting of shareholders	678
	Proposed profit appropriation in accordance with Article 41 of the Articles of Association:	
(491)	Ordinary dividends	(579)
<hr/>		
185	Profit of the year retained	99
2 888	Balance 1st January	3 073
<hr/>		
3 073	Balance 31st December	3 172
<hr/>		

Special controlling rights under the Articles of Association

See page 21.

UNILEVER PLC COMPANY BALANCE SHEET

as at 31st December

£ million

1986		1987
1 007	Fixed assets	
	Fixed investments	1 561
	Current assets	
1	Stocks	—
75	Debtors	76
277	Current investments	66
333	Cash at bank and in hand	80
686		222
	Less:	
404	Creditors due within one year	179
282	Net current assets/liabilities	43
1 289	Total assets less current liabilities	1 604
599	Creditors due after more than one year	746
21	Provisions for liabilities and charges	22
2	Inter-group N.V./PLC	146
	Capital and reserves	
	Called up share capital	
5	Preferential share capital (21)	5
40	Ordinary share capital (21)	40
45		45
9	Share premium account	10
6	Capital redemption reserve (22)	6
607	Profit retained	629
667		690
1 289	Total capital employed	1 604

M. R. Angus, Chairman
F. A. Maljers, Vice-Chairman

18th March, 1988

References between brackets relate to the notes on pages 19 to 22.

£ million

1986		1987		1986		1987	
Fixed investments				Debtors			
542	Shares in group companies	1 036			Due within one year:		
443	Loans to group companies	503		12	Amounts owed by group companies	20	
22	Shares in related companies	22		19	Others	8	
1 007		1 561		31		28	
Shares in group companies				Due after one year:			
Shares in group companies are stated at Directors' valuation made on the rearrangement of the Unilever Groups in 1937, with bonus shares at par and other additions at cost or valuation, less amounts written off.				44	Advance Corporation Tax	48	
Movements during the year:				75	Total debtors	76	
	1st January	542		The Advance Corporation Tax borne by the parent company will be surrendered and set off against liabilities of the group companies where appropriate. The total of £ 48 million includes £ 25 million recoverable against 1987 liabilities and £ 23 million against those for later years.			
	Additions	526		Current investments			
	Disposals	(32)		276	Listed on a recognised stock exchange	45	
	31st December	1 036		1	Unlisted	21	
Loans to group companies				277		66	
Movements during the year:				The cost of current investments amounted to			
	1st January	443		252		38	
	Additions	92		Creditors			
	Repayments	(32)		Due within one year:			
	31st December	503		32	Bonds and similar loans (16)	29	
Shares in related companies – at cost				245	Bank loans and overdrafts	1	
4	Listed on a recognised stock exchange	4		13	Trade creditors	16	
18	Unlisted	18		29	Amounts owed to group companies	38	
22		22		19	Taxation and social security	20	
				9	Other	5	
22	Market value of listed shares	17		57	Dividends	70	
There were no movements during the year.				404		179	
				109	Due after one year:		
				490	Bonds and similar loans (16)	1	
				—	Amounts owed to group companies	63	
				599	Taxation	2	
						746	
				109	The bonds and similar loans include amounts repayable after more than five years	108	

References between brackets relate to a note on page 17.

£ million

1986	1987
Provisions for liabilities and charges	
23	24
(2)	(2)
21	22
Profit retained	
605	607
83	118
(81)	(96)
607	629

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

Contingent liabilities are not expected to give rise to any material loss. They include:

Guarantees given for group and other companies, under which amounts outstanding at 31st December were as follows:

1 605	For N.V. and its group companies	272
60	For PLC group companies	65
4	Others	3
1 669		340
1 612	Of the above, guaranteed also by Unilever N.V.	272

