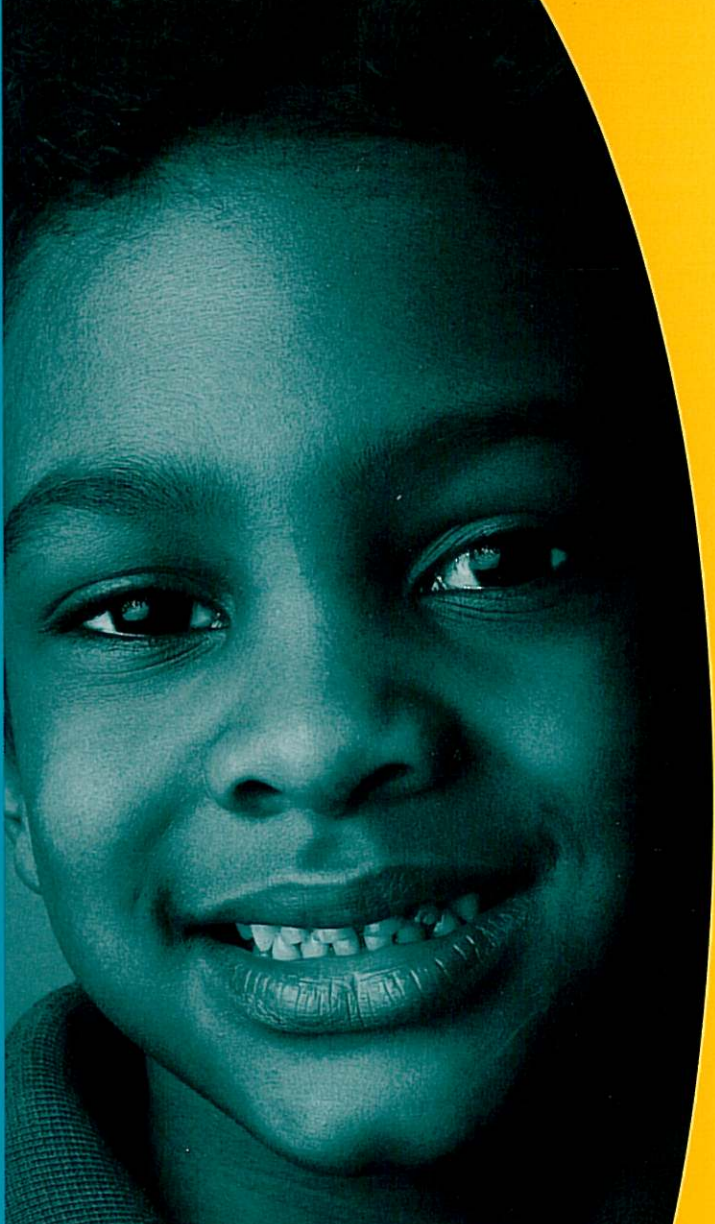


Annual Accounts 1996

And Additional Financial Information

English Version in Pounds Sterling



Unilever

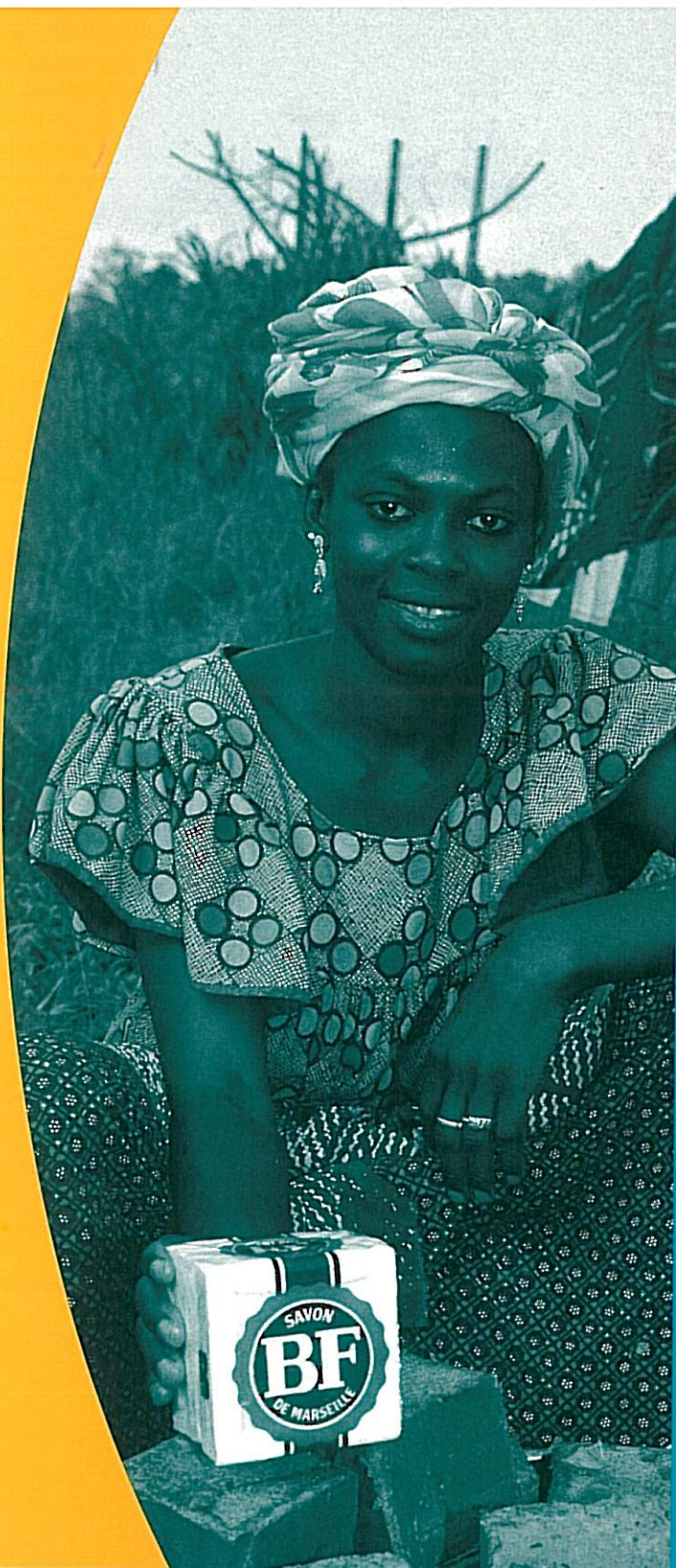
Contents

Annual Accounts

- 2 General information
- 4 Statements of directors' responsibilities
- 5 Report of the auditors
- 6 Accounting policies
- 8 Unilever Group consolidated accounts
- 25 Principal group companies and fixed investments
- 29 NV company accounts and further statutory information
- 32 PLC company accounts, further statutory information and other information

Additional Financial Information

- 43 Unilever Group five year record
- 46 Additional information for United States investors



Unilever meets the needs of consumers around the world with a combination of international brands (front and back covers) and products tailored to local needs (this page and inside back cover).

Unilever Annual Accounts 1996

This booklet and the separate booklet 'Unilever Annual Review 1996' together comprise the full Annual Report and Accounts for 1996 of Unilever N.V. (NV) and Unilever PLC (PLC) when expressed in guilders and pounds sterling respectively.

Financial publications

Versions of this booklet are available, with figures expressed in pounds sterling, in English and, with figures expressed in guilders, in Dutch and English. The 'Unilever Annual Review 1996' booklet is available in the same versions.

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

A booklet 'Unilever Charts' gives salient figures for the years 1986-1996, expressed in graphical form.

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

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Corporate Relations Department
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Telephone +31 (0)10 217 4000
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Unilever PLC
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390 Park Avenue, New York NY 10022-4698
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<http://www.unilever.com>

General information

Unilever

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

The Equalisation Agreement provides for both companies to adopt the same accounting principles and requires as a general rule the dividends and other rights and benefits (including rights on liquidation) attaching to each Fl. 12 nominal of ordinary capital of NV to be equal in value at the relevant rate of exchange to the dividends and other rights and benefits attaching to each £1 nominal of ordinary share capital of PLC, as if each such unit of capital formed part of the ordinary capital of one and the same company. The ordinary capitals of NV and PLC are currently denominated as Fl. 4 and 5p nominal per share respectively. Applying the formula under the Equalisation Agreement, therefore, gives the result that three NV ordinary shares enjoy the same dividend rights and other rights and benefits as twenty PLC ordinary shares, ie one NV share equates to 6.67 PLC shares.

The shares of each of NV and PLC are not convertible into or exchangeable for shares of the other. There is no fixed parity in the trading prices of the shares of NV and PLC and the relative share prices on the various markets can and do fluctuate from day to day and hour to hour for various reasons, including changes in exchange rates and taxation regimes applicable to various shareholders. Over time, the prices of the shares of NV and PLC stay in close relation to each other because the dividends and other rights and benefits attaching to those shares are fixed in the manner referred to above.

Each of NV and PLC has always paid its own dividends and, therefore, neither company has ever been called upon to make a payment to the other, as might be required under the Equalisation Agreement.

A contractual agreement has been established between NV and PLC under which each company agrees on request to guarantee the borrowings of the other or of any Unilever Group company where the other parent itself guarantees them. These arrangements are applied as a matter of Unilever's financial policy to certain significant public borrowings of each parent and of group companies. The purpose of the arrangement is for lenders of such borrowings to be able to rely on the combined financial strength of the Group.

Basis of consolidation

By reason of the operational and contractual arrangements referred to above and the internal participating interests set out in note 18 on page 17, NV and PLC and their group companies constitute a single group under Netherlands and United Kingdom legislation for the purposes of presenting consolidated accounts. Accordingly the accounts of the Unilever Group are presented by both NV and PLC as their respective consolidated accounts. These accounts are supplemented in note 31 on page 24 by additional information for the NV and PLC parts of the Group in which group companies are consolidated according to respective ownership.

General information

Companies legislation

The consolidated accounts of the Unilever Group comply with Book 2 of the Civil Code in the Netherlands and the United Kingdom Companies Act 1985. The company accounts, the notes to those accounts and the further statutory information given for each of NV and PLC comply with legislation in the Netherlands and the United Kingdom respectively. As explained under 'Group companies' on page 6, in order to give a true and fair view, the presentation of the consolidated capital and reserves differs from that specified by the United Kingdom Companies Act 1985.

Accounting standards

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

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

United Kingdom Urgent Issues Task Force Abstract 13 (UITF 13) requires that NV or PLC shares held by employee trusts to satisfy options should be classified by the sponsoring company as fixed assets. Dutch law requires such shares to be deducted from capital and reserves. In order to comply with Dutch law and the Equalisation Agreement, the disclosure requirement of UITF 13 has not been followed. The effects of this departure are shown in note 20 on page 19.

OECD Guidelines

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



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OECD Guidelines

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Statements of directors' responsibilities

Annual accounts

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

The directors consider that in preparing the accounts, the Group, NV and PLC have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed, except as noted under 'Accounting standards' on page 3.

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

This statement, which should be read in conjunction with the 'Report of the auditors' set out on page 5, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the accounts.

Going concern

The directors continue to adopt the going concern basis in preparing the accounts. This is because the directors, after making enquiries and following a review of the Group's budget for 1997 and 1998, including cash flows and borrowing facilities, consider that the Group has adequate resources to continue in operation for the foreseeable future.

Internal control

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

Unilever's corporate internal audit function plays a key role in providing an objective view and continuing assessment of the effectiveness of the control environment throughout the world to both operating management and the directors. The Group has an independent Audit Committee, entirely composed of Advisory Directors. This Committee meets regularly with Corporate Audit and the external Auditors.

The directors have overall responsibility for establishing key procedures designed to achieve a system of internal financial control. The day to day responsibility for implementation of these procedures and monitoring the effectiveness of these controls rests with the Group's senior management at individual operating company level. They are required each year to review, in a structured way, their internal control arrangements and to provide a written report to the responsible director. Following the changes to Unilever's organisation structure in mid 1996, Risk Committees are in the process of being established by all Business Groups to assist in this process. A Corporate Risk Committee, comprised of Board members and chaired by the Financial Director, is already established.

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

Emoluments of directors

The report to shareholders by the Remuneration Committee on behalf of the Boards is set out on pages 34 to 40.

Report of the auditors

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

We have audited the accounts set out on pages 2 and 3 and pages 6 to 33.

Respective responsibilities of directors and auditors

As described on page 4, the directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Unilever Group, Unilever N.V. and Unilever PLC at 31 December 1996 and of the profit, total recognised gains and cash flows of the Group for the year then ended. In our opinion the accounts of the Unilever Group, and of Unilever N.V. and Unilever PLC respectively, have been properly prepared in accordance with Book 2 of the Civil Code in the Netherlands and the United Kingdom Companies Act 1985.

Coopers & Lybrand N.V.

Registeraccountants
Rotterdam

As auditors of Unilever N.V.

Coopers & Lybrand

Chartered Accountants and Registered Auditors
London

As auditors of Unilever PLC

10 March 1997

Unilever Group

Accounting policies

Group companies

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

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

Net profit and profit of the year retained are presented on a combined basis on page 8, with the net profit attributable to NV and PLC shareholders shown separately. Movements in profit retained are analysed between those attributable to NV and PLC shareholders in note 19 on page 19.

Foreign currencies

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

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

The ordinary share capital of NV and PLC is translated at the rate of £1 = Fl. 12 contained in the Equalisation Agreement. The difference between this and the value derived by applying the year-end rate of exchange is taken to other reserves (see note 20 on page 19).

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

Intangible assets

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

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

Tangible fixed assets

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

Freehold buildings (no depreciation on freehold land)	33 – 40 years
Leasehold land and buildings	* 33 – 40 years
Plant and equipment	4 – 20 years
Motor vehicles	3 – 6 years

* or life of lease if less than 33 years

Current cost information is given in note 7 on page 13.

Fixed investments

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

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

Current assets

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

Unilever Group

Accounting policies

Current assets *(continued)*

Debtors are stated after deducting adequate provision for doubtful debts.

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

Financial instruments

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

Retirement benefits

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

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

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

Deferred taxation

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

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

Research and development

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

Turnover

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

Transfer pricing

The preferred method for determining transfer prices for own manufactured goods is to take the market price. Where there is no market price, the companies concerned follow established transfer pricing guidelines, where available, or else engage in arms' length negotiations.

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

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

Leases

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

Shares held by employee share trusts

The assets and liabilities of certain trusts and group companies which purchase and hold NV and PLC shares to satisfy options granted are included in the Group accounts. The book value of shares held is deducted from capital and reserves, and trust borrowings are included in the Group's borrowings. The costs of the trusts are included in the results of the Group.

Unilever Group

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

for the year ended 31 December

	£ million	
	1996	1995
Consolidated profit and loss account		
Turnover 1	33 522	31 516
Continuing operations	32 264	31 516
Acquisitions	1 258	
Operating costs 2	(30 648)	(28 990)
Operating profit 1	2 874	2 526
Continuing operations	2 885	2 526
Acquisitions	(11)	
Operating profit before exceptional items	3 111	2 757
Income from fixed investments 8	34	48
Interest 5	(251)	(255)
Profit on ordinary activities before taxation	2 657	2 319
Taxation on profit on ordinary activities 6	(966)	(781)
Profit on ordinary activities after taxation	1 691	1 538
Minority interests	(81)	(65)
Net profit	1 610	1 473
Attributable to: NV 19	1 044	915
PLC 19	566	558
Preference dividends	(6)	(6)
Dividends on ordinary capital: Interim	(219)	(150)
Final	(465)	(477)
Profit of the year retained	920	840
Statement of total recognised gains and losses		
Net profit	1 610	1 473
Currency retranslation	(565)	136
Total recognised gains since last annual accounts	1 045	1 609
Combined earnings per share 25		
Guilders per Fl. 4 of ordinary capital	15.00	13.26
Pence per 5p of ordinary capital	85.90	78.63
On a SSAP 15 basis the figures would be:		
Guilders per Fl. 4 of ordinary capital	16.27	14.15
Pence per 5p of ordinary capital	93.21	83.94

Unilever Group

Consolidated balance sheet

as at 31 December

	£ million	
	1996	1995
Fixed assets		
Tangible fixed assets 7	7 934	8 711
Fixed investments 8	133	145
	8 067	8 856
Current assets		
Stocks 9	3 906	4 292
Debtors 10	4 577	4 724
Current investments 11	375	380
Cash at bank and in hand 12	1 313	1 109
	10 171	10 505
Creditors due within one year		
Borrowings 13	(1 233)	(1 185)
Trade and other creditors 14	(5 880)	(6 329)
	3 058	2 991
Net current assets		
	11 125	11 847
Creditors due after more than one year		
Borrowings 13	2 148	2 194
Trade and other creditors 14	411	370
	2 165	2 408
Provisions for liabilities and charges		
Pensions and similar obligations 15	877	895
Deferred taxation and other provisions 16		
	343	359
Minority interests		
	5 181	5 621
Capital and reserves 17		
Attributable to: NV: Called up share capital 18	143	160
Share premium account	18	21
Profit retained 19	3 034	3 451
Other reserves 20	53	96
	3 248	3 728
PLC: Called up share capital 18	41	41
Share premium account	93	93
Profit retained 19	1 919	1 876
Other reserves 20	(120)	(117)
	1 933	1 893
Total capital employed	11 125	11 847

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

Unilever Group

Consolidated cash flow statement

for the year ended 31 December

	£ million	
	1996	1995
Cash flow from operating activities 22	3 816	3 238
Returns on investments and servicing of finance 23	(262)	(299)
Taxation	(716)	(660)
Capital expenditure and financial investment 23	(1 077)	(1 168)
Acquisitions and disposals 23	(868)	(625)
Dividends paid on ordinary share capital	(686)	(609)
Cash inflow/(outflow) before management of liquid resources and financing	207	(123)
Management of liquid resources 23	(293)	258
Financing 23	294	(77)
Increase in cash in the period	208	58

Reconciliation of net cash flow to movement in net debt

Increase in cash in the period	208	58
Cash flow from (increase)/decrease in borrowings	(280)	94
Cash flow from increase/(decrease) in liquid resources	293	(258)
Change in net debt resulting from cash flows	221	(106)
Borrowings within group companies acquired	(117)	(86)
Borrowings within group companies sold	—	4
Liquid resources within group companies acquired	53	8
Liquid resources within group companies sold	(1)	—
Non cash movements	(28)	(11)
Currency retranslation	69	64
(Increase)/decrease in net debt in the period	197	(127)
Net debt at 1 January 24	(1 890)	(1 763)
Net debt at 31 December 24	(1 693)	(1 890)

This cash flow statement and the associated notes are presented in accordance with the revised United Kingdom Financial Reporting Standard 1, issued in October 1996. Figures for prior years, including the five year record on page 44, have been restated to the same basis.

Unilever Group

Notes to the consolidated accounts

1 Segmental information

£ million

	1996			1995
	Continuing operations	Acquisitions	Total	Total
Turnover ^{(a)(b)}				
By geographical area:				
Europe	15 986	320	16 306	16 322
North America	6 429	569	6 998	5 928
Africa and Middle East	2 054	51	2 105	1 955
Asia and Pacific	4 652	155	4 807	4 320
Latin America	3 143	163	3 306	2 991
	32 264	1 258	33 522	31 516
By operation:				
Foods	16 403	168	16 571	16 289
Detergents	7 260	537	7 797	6 859
Personal Products	4 771	537	5 308	4 535
Speciality Chemicals ^(c)	2 941	9	2 950	2 844
Plantations, Plant Science & Trading Operations	889	7	896	989
	32 264	1 258	33 522	31 516
Operating profit ^(b)				
By geographical area before exceptional items:				
Europe	1 505	23	1 528	1 439
North America	591	52	643	484
Africa and Middle East	181	—	181	167
Asia and Pacific	421	(6)	415	393
Latin America	334	10	344	274
Operating profit before exceptional items	3 032	79	3 111	2 757
Exceptional items ⁴	(147)	(90)	(237)	(231)
Operating profit	2 885	(11)	2 874	2 526
By operation before exceptional items:				
Foods	1 292	18	1 310	1 259
Detergents	649	30	679	552
Personal Products	612	30	642	520
Speciality Chemicals ^(c)	414	1	415	351
Plantations, Plant Science & Trading Operations	65	—	65	75
Operating profit before exceptional items	3 032	79	3 111	2 757
Exceptional items ⁴	(147)	(90)	(237)	(231)
Operating profit	2 885	(11)	2 874	2 526

Notes:

- (a) The analysis of turnover by geographical area is stated on the basis of origin. Turnover on a destination basis would not be materially different. Inter-segment sales between operational segments and between geographical areas are not material.
- (b) For the United Kingdom and the Netherlands, the combined turnover was £1 576 million (1995: £1 481 million) and the combined operating profit was £651 million (1995: £577 million).
- (c) In February 1997 Unilever announced its intention to sell its international Speciality Chemicals businesses – National Starch and Chemical Company, Quest International, Unichema International and Crosfield.

Unilever Group

Notes to the consolidated accounts

	£ million	
	1996	1995
1 Segmental information (continued)		
Net operating assets		
By geographical area:		
Europe	3 664	4 080
North America	2 066	2 036
Africa and Middle East	700	753
Asia and Pacific	1 110	1 155
Latin America	762	875
	8 302	8 899
By operation:		
Foods	3 945	4 431
Detergents	1 548	1 542
Personal Products	881	923
Speciality Chemicals	1 640	1 666
Plantations, Plant Science & Trading Operations	288	337
	8 302	8 899

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

2 Operating costs

Cost of sales	(19 134)	(18 367)
Continuing operations	(18 479)	(18 367)
Acquisitions	(655)	
Distribution and selling costs	(7 741)	(6 972)
Continuing operations	(7 401)	(6 972)
Acquisitions	(340)	
Administrative expenses	(3 773)	(3 651)
Continuing operations	(3 499)	(3 651)
Acquisitions	(274)	
	(30 648)	(28 990)
Operating costs include:		
Staff costs 3	(5 200)	(4 987)
Raw materials and packaging	(15 030)	(14 622)
Depreciation	(849)	(796)
Advertising and promotions	(3 786)	(3 399)
Research and development	(600)	(585)
Lease rentals: Plant and machinery	(104)	(109)
Other	(244)	(224)
Remuneration of auditors:		
Audit fees	(8)	(7)
Payments to Coopers & Lybrand for non-audit services	(13)	(8)

Non-audit services include due diligence work in respect of acquisitions and disposals; tax compliance and advisory services and other general consultancy.

3 Staff costs and employees

	£ million	
	1996	1995
Staff costs:		
Remuneration of employees	(4 323)	(4 053)
Emoluments of directors as managers	(9)	(8)
Pension costs:		
Defined benefit schemes	(154)	(248)
Defined contribution schemes	(28)	(19)
Post-retirement health benefits	(47)	(44)
Social security costs	(637)	(613)
Superannuation of former directors	(2)	(2)
Total staff costs	(5 200)	(4 987)
The average number of employees during the year was, in thousands:		
Europe	100	101
North America	29	29
Africa and Middle East	70	72
Asia and Pacific	77	77
Latin America	30	29
	306	308

Details of the remuneration of directors which form part of these accounts are given in the following sections of the note on 'Emoluments and interests of directors':

'Directors' emoluments' on pages 35 and 36

'Directors' interests: share options' on pages 36, 37 and 38

'Former directors' and 'Advisory Directors' on page 40.

4 Exceptional items**Included in operating profit**

Restructuring	(348)	(278)
Other including business disposals	111	47
	(237)	(231)
By geographical area:		
Europe	(166)	(177)
North America	(22)	(46)
Africa and Middle East	(1)	14
Asia and Pacific	(21)	(17)
Latin America	(27)	(5)
	(237)	(231)
By operation:		
Foods	(138)	(162)
Detergents	(58)	(100)
Personal Products	(72)	—
Speciality Chemicals	28	17
Plantations, Plant Science & Trading Operations	3	14
	(237)	(231)

5 Interest

Interest payable and similar charges	(370)	(379)
Interest receivable and similar income	138	137
Exchange differences	(19)	(13)
	(251)	(255)
Interest payable on borrowings which are wholly repayable within five years	(275)	(287)

Unilever Group

Notes to the consolidated accounts

	£ million	
	1996	1995
6 Taxation on profit on ordinary activities		
Parent and group companies (a)	(959)	(772)
Associated companies	(7)	(9)
	(966)	(781)
Of which:		
Adjustments to previous years	26	59
(a) United Kingdom Corporation		
Tax at 33% (1995: 33%)	(178)	(181)
less: double tax relief	62	71
plus: non-United Kingdom taxes	(843)	(662)
	(959)	(772)
Deferred taxation has been included on a full provision basis for:		
Accelerated depreciation	(32)	(66)
Other	(145)	(37)
	(177)	(103)
On a SSAP 15 basis the charge for deferred taxation would be:	(41)	(4)
Profit on ordinary activities after taxation on a SSAP 15 basis would be:	1 827	1 637

Europe is Unilever's domestic tax base. The reconciliation between the computed rate of income tax expense which is generally applicable to Unilever's European companies and the actual rate of taxation charged, expressed in percentages of the profit on ordinary activities before taxation, is as follows:

	%	
	1996	1995
Computed rate of tax (see below)	33	33
Differences due to:		
Other rates applicable to non-European countries	2	2
Incentive tax credits	(1)	(1)
Withholding tax on dividends	1	1
Adjustments to previous years	(1)	(2)
Other	2	1
Actual rate of tax	36	34

In the above reconciliation, the computed rate of tax is the average of the standard rates of tax applicable in the European countries in which Unilever operates, weighted by the amount of profit on ordinary activities before taxation generated in each of those countries.

	£ million	
	1996	1995
7 Tangible fixed assets		
At cost less depreciation:		
Land and buildings (a)	2 449	2 709
Plant and machinery	5 485	6 002
	7 934	8 711
(a) includes: freehold land	310	341
leasehold land (mainly long-term leases)	79	95
Approximate current replacement cost of tangible fixed assets net of accumulated current cost depreciation	9 003	9 984
On a current replacement cost basis the depreciation charge to the profit and loss account would have been increased by	(239)	(244)
Commitments for capital expenditure at 31 December	211	198

	Land and buildings	Plant and machinery
Movements during 1996		
Cost		
1 January	3 742	10 847
Currency retranslation	(410)	(1 159)
Capital expenditure	160	1 009
Disposals	(165)	(724)
Acquisition/disposal of group companies	84	83
Other adjustments	(17)	13
31 December	3 394	10 069
Depreciation		
1 January	1 033	4 845
Currency retranslation	(128)	(531)
Disposals	(60)	(503)
Acquisition/disposal of group companies	4	(12)
Charged to profit and loss account	79	770
Other adjustments	17	15
31 December	945	4 584
Net book value 31 December	2 449	5 485
Includes payments on account and assets in course of construction	70	388

Unilever Group

Notes to the consolidated accounts

	£ million			£ million	
	1996	1995		1996	1995
8 Fixed investments			11 Current investments		
Associated companies	20	36	Listed	329	330
Other fixed investments	113	109	Unlisted	46	50
	133	145		375	380
Investments listed on a recognised stock exchange	29	40	12 Cash at bank and in hand		
Unlisted investments	104	105	On call and in hand	741	732
	133	145	Repayment notice required	572	377
Market value of listed investments	62	60		1 313	1 109
Movements during the year:			13 Borrowings		
1 January	145		Bank loans and overdrafts	879	1 073
Currency retranslation	(17)		Bonds and other loans	2 502	2 306
Additions/reductions	5			3 381	3 379
31 December	133				
Income from fixed investments			The repayments fall due as follows:		
Share of associated companies' profit before taxation	21	27	Within 1 year:		
Income from other fixed investments	3	8	Bank loans and overdrafts	704	818
Profit on disposal	10	13	Bonds and other loans	529	367
	34	48	Total due within one year	1 233	1 185
			After 1 year but within 2 years	344	247
9 Stocks			After 2 years but within 5 years	1 132	1 035
Raw materials and consumables	1 658	1 938	After 5 years: By instalments	4	24
Finished goods and goods for resale	2 248	2 354	Not by instalments	668	888
	3 906	4 292	Total due after more than one year	2 148	2 194
			Total amount repayable by instalments any of which are payable after 5 years	46	79
10 Debtors			Secured borrowings – mainly bank loans and overdrafts	145	245
Due within one year:			Of which secured against tangible fixed assets	57	79
Trade debtors	3 107	3 325			
Prepayments and accrued income	289	313			
Other debtors	744	762			
	4 140	4 400			
Due after more than one year:					
Prepayments to funded pension schemes	305	191			
Other debtors	132	133			
	437	324			
Total debtors	4 577	4 724			

Unilever Group

Notes to the consolidated accounts

	£ million			£ million	
	1996	1995		1996	1995
13 Borrowings (continued)			14 Trade and other creditors		
Bonds and other loans			Due within one year:		
NV			Trade creditors	2 820	3 155
9¼% Bonds 1997 (French Frs.)	112	132	Social security and sundry taxes	282	305
8% Notes 1999 (US \$)	118	129	Accruals and deferred income	1 210	1 235
9% Bonds 2000 (a)	169	201	Taxation on profits	256	233
6% Notes 2001 (US \$)	118	129	Dividends	432	483
3½% Bonds 2001 (Swiss Frs.) (b)	131	—	Others	880	918
5½% Notes 2001 (Deutschmarks) (c)	114	—		5 880	6 329
6¾% Notes 2001 (US \$)	147	—	Due after one year:		
6½% Bonds 2004 (a)	118	141	Accruals and deferred income	53	47
7½% Bonds 2004 (French Frs.)	169	198	Taxation on profits	257	242
7¼% Bonds 2004 (US \$)	147	161	Others	101	81
6¾% Notes 2005 (US \$)	118	129		411	370
Other	299	78			
Total NV	1 760	1 298	Total creditors	6 291	6 699
Guilder equivalent in millions	5 211	3 230			
PLC			15 Pensions and similar obligations		
7½% Notes 1998 (d)	100	100	These are predominantly		
Other	9	38	long-term liabilities:		
Total PLC	109	138	Unfunded pension schemes	1 614	1 755
			Funded pension schemes	61	136
Other group companies			Post-retirement health benefits	490	517
USA				2 165	2 408
8¾% Notes 1998	88	97	Movements during the year:		
9¼% Notes 2000 (e)	235	257	1 January	2 408	
Other	124	287	Currency retranslation	(298)	
Other loans	186	229	Profit and loss account	229	
Total other group companies	633	870	Payments	(327)	
Total bonds and other loans	2 502	2 306	Other adjustments	153	
			31 December	2 165	

Swapped into:

- (a) floating rate guilders
- (b) floating rate guilders and United States dollars
- (c) floating rate Deutschmarks and fixed rate Canadian dollars
- (d) floating rate sterling
- (e) floating rate United States dollars

Derivative financial instruments are used to swap portions of fixed interest debt into floating rate debt as part of Unilever's interest rate management policy. Further details are set out in note 30 on page 23.

The average interest rate on short-term borrowings in 1996 was 9% (1995: 9%).

The Group's principal lines of credit are multi-currency facility agreements with nine banks under which the Group may borrow funds aggregating US \$ 2 700 million for general financing purposes or for acquisitions up to 1 May 2000. These lines of credit were undrawn at 31 December 1996.

All facilities are in accordance with normal terms for prime commercial borrowers and carry commitment fees, the amounts of which are not material.

In addition, there are extensive facilities available to Unilever in all the principal countries in which it operates to meet the day to day needs of operating companies.

Unilever Group

Notes to the consolidated accounts

	£ million	
	1996	1995
16 Deferred taxation and other provisions		
Deferred taxation on:		
Accelerated depreciation	1 199	1 327
Stock reliefs	45	54
Pension and similar provisions	(357)	(438)
Short term and other timing differences	(570)	(682)
Advance Corporation Tax	(44)	(45)
	<u>273</u>	<u>216</u>
Restructuring provisions related to acquisitions prior to 1 January 1995	—	99
Other restructuring provisions	522	487
Other provisions	82	93
	<u>877</u>	<u>895</u>
Advance Corporation Tax is available for offset against future United Kingdom Corporation Tax liabilities.		
Movements in deferred taxation:		
1 January	216	
Currency retranslation	(33)	
Acquisition/disposal of group companies	(87)	
Profit and loss account	177	
31 December	<u>273</u>	
On a SSAP 15 basis provision for deferred taxation would be	53	12
Movements in restructuring provisions related to acquisitions prior to 1 January 1995:		
1 January	99	
Currency retranslation	(6)	
Profit and loss account	(4)	
Utilisation	(89)	
31 December	<u>—</u>	
Movements in other restructuring provisions:		
1 January	487	
Currency retranslation	(64)	
Profit and loss account	376	
Utilisation	(277)	
31 December	<u>522</u>	
Movements in other provisions:		
1 January	93	
Currency retranslation	(5)	
Acquisition/disposal of group companies	19	
Profit and loss account	—	
Utilisation	(25)	
31 December	<u>82</u>	

	£ million	
	1996	1995
17 Capital and reserves		
Movements during the year:		
1 January	5 621	5 207
Profit of the year retained	920	840
Goodwill movements	(729)	(554)
Currency retranslation	(611)	166
Change in book value of shares or certificates held in connection with share options 18	(20)	(41)
Issue of new shares under PLC share option schemes	—	3
31 December	<u>5 181</u>	<u>5 621</u>
As required by United Kingdom Financial Reporting Standard 4 capital and reserves can be analysed as follows:		
Equity:		
Ordinary capital	5 092	5 514
Non-equity:		
7% Cumulative Preference	10	12
6% Cumulative Preference	54	65
4% Cumulative Preference	25	30
	<u>5 181</u>	<u>5 621</u>

Unilever Group

Notes to the consolidated accounts

18 Called up share capital

Authorised			Nominal value per share	Number of shares allotted	Allotted, called up and fully paid
1996	1995				1996 1995
		Preferential share capital			
		NV			
Fl. million					Fl. million
75	75	7% Cumulative Preference	Fl. 1 000	29 000	29 29
200	200	6% Cumulative Preference	Fl. 1 000	161 060	161 161
75	75	4% Cumulative Preference	Fl. 100	750 000	75 75
350	350				265 265
		Ordinary share capital			
		NV			
Fl. million					Fl. million
1 000	1 000	Ordinary	Fl. 4	160 041 250	640 640
2	2	Ordinary (shares numbered 1 to 2 400 - 'Special Shares')	Fl. 1 000	2 400	2 2
—	—	Internal holdings eliminated in consolidation (Fl. 1 000 shares)			(2) (2)
1 002	1 002				640 640
		Total NV share capital (sterling equivalent in millions)			143 160
		PLC			
£ million					£ million
136.2		Ordinary: (1996)	5p	815 098 793	40.8
	136.2	(1995)	5p	815 033 744	40.8
0.1	0.1	Deferred	£1 stock	100 000	0.1 0.1
—	—	Internal holdings eliminated in consolidation (£1 stock)			(0.1) (0.1)
136.3	136.3	Total PLC share capital			40.8 40.8

The classes of preferential share capital of NV are entitled to dividends at the rates indicated. A nominal dividend of ¼% is paid on the deferred stock of PLC.

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

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

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

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

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

Internal holdings

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

The directors of N.V. Elma are NV and PLC, who with Mr NWA FitzGerald and Mr M Tabaksblat are also directors of United Holdings Limited.

Unilever Group

Notes to the consolidated accounts

18 Called up share capital (continued)

Share options

At 31 December 1996 certain group companies held certificates or depositary receipts representing 1 554 228 (1995: 1 425 644) Fl. 4 ordinary shares of NV in connection with Unilever N.V. share options. The book value of these shares, £110 million (1995: £108 million), is eliminated in consolidation by deduction from other reserves (see note 20 on page 19). The market value of these shares at 31 December 1996 was £160 million (1995: £129 million).

Trusts exist in Jersey and the United Kingdom and in Ireland to purchase and hold PLC shares to satisfy options granted under the share option schemes in the United Kingdom and Ireland respectively. At 31 December 1996 the trusts together held 13 394 595 (1995: 14 495 945) 5p ordinary shares of PLC. The book value of these shares, £131 million (1995: £128 million), is deducted from other reserves (see note 20 on page 19). The trustees of each of the trusts have agreed, until further notice, to waive dividends on the shares held, save for the nominal sum of 0.01p per 5p ordinary share. The market value of these shares at 31 December 1996 was £190 million (1995: £192 million).

Options granted to directors and employees to acquire ordinary shares of NV and PLC and still outstanding at 31 December 1996 were as follows:

	Number of shares	Range of option prices per share	Date normally exercisable
NV Executive Share Option Scheme			
(Shares of Fl. 4)	37 449	Fl. 185.00 – Fl. 187.20	1997
	70 168	Fl. 197.10 – Fl. 221.40	1997-1998
	155 858	Fl. 192.00 – Fl. 205.10	1997-1999
	172 069	Fl. 201.20 – Fl. 226.50	1997-2000
	159 398	Fl. 234.10 – Fl. 286.50	1997-2001
North American Executive Stock Option Plan			
(Shares of Fl. 4 of the New York Registry)	38 800	US \$ 102.75	1997-2002
	77 086	US \$ 107.25	1997-2003
	123 308	US \$ 102.69	1997-2004
	140 968	US \$ 127.81	1997-2005
	142 950	US \$ 135.56	1997-2006
PLC 1985 Executive Share Option Schemes			
(Shares of 5p)	28 708	£4.37	1997-1998
	19 629	£5.37	1997-1998
	58 832	£6.46 – £6.63	1997-1999
	157 541	£7.30 – £7.35	1997-2000
	52 290	£8.26	1997-2001
	329 838	£9.07	1997-2001
	71 730	£10.46	1997-2002
	263 905	£10.14	1997-2002
	36 178	£11.10	1997-2003
	694 286	£10.15 – £11.30	1997-2003
	133 403	£11.32	1997-2004
	439 044	£11.90	1998-2004
	264 425	£12.29	1998-2005
	382 409	£12.33	1999-2005
	226 056	£13.72	1999-2006
NV Employee Share Option Scheme			
(Shares of Fl. 4)	29 610	Fl. 203.50	1997-1999
	32 592	Fl. 275.00	1997-2000
North American Employee Stock Purchase Plan			
(Shares of Fl. 4 of the New York Registry)	254 909	US \$ 115.54	1997
PLC 1985 Sharesave Scheme			
(Shares of 5p)	238 963	£5.84	1997
	3 244 769	£7.26	1997-1998
	1 682 883	£9.13	1998-1999
	1 369 858	£9.14	1999-2000
	2 101 820	£10.71	2000-2001
	2 262 525	£11.10	2001-2002
Unilever Savings Related Share Option Scheme (Ireland)			
(Shares of 5p)	112 386	Ir £8.75	1997

Unilever Group

Notes to the consolidated accounts

£ million	NV		PLC	
	1996	1995	1996	1995
19 Profit retained				
Net profit	1 044	915	566	558
Preference dividends	(6)	(6)	—	—
Dividends on ordinary capital	(427)	(392)	(257)	(235)
Profit of the year retained	611	517	309	323
Goodwill movements	(558)	(323)	(171)	(231)
Currency retranslation	(470)	174	(95)	(38)
Net movement during the year	(417)	368	43	54
Profit retained – 1 January	3 451	3 083	1 876	1 822
Profit retained – 31 December	3 034	3 451	1 919	1 876
Of which retained by:				
Parent companies	1 536	1 747	879	876
Other group companies	1 502	1 699	1 031	984
Associated companies	(4)	5	9	16
	3 034	3 451	1 919	1 876
Cumulative goodwill written off	(4 434)	(3 876)	(1 922)	(1 751)
20 Other reserves				
Adjustment on translation of NV's ordinary capital at £1 = Fl. 12	163	204	—	—
Capital redemption reserve	—	—	11	11
Book value of shares or certificates held in connection with share options ^(a)	(110)	(108)	(131)	(128)
	53	96	(120)	(117)

(a) Under UITF 13 these shares would be classified as fixed assets.

21 Acquisition and disposal of group companies

The net assets and results of acquired businesses are included in the consolidated accounts from their respective dates of acquisition. The following table sets out the effect of acquisitions of group companies in 1996 on the consolidated balance sheet.

Acquisitions	Balance sheets of acquired businesses	Revaluations and other adjustments	Fair values at date of acquisition
Intangible assets	112	(112)	—
Fixed assets	360	(59)	301
Current assets	588	(27)	561
Creditors	(466)	(23)	(489)
Provisions for liabilities and charges:			
Pensions and similar obligations	(27)	(3)	(30)
Deferred taxation	14	72	86
Other provisions	(4)	(20)	(24)
Minority interests	(7)	17	10
Total net assets acquired	570	(155)	415

During the year, restructuring provisions of £88 million were charged against Group profits in respect of the acquired businesses of Diversey and Helene Curtis.

Unilever Group

Notes to the consolidated accounts

	£ million	
	1996	1995
21 Acquisition and disposal of group companies <i>(continued)</i>		
Acquisitions		
Net assets acquired	(415)	(215)
Goodwill written off	(848)	(582)
Consideration	(1 263)	(797)
Of which:		
Cash	(1 246)	(798)
Non cash and deferred consideration	(17)	1
Disposals		
Net assets sold	176	77
Attributable goodwill	139	28
Profit on sale	105	8
Consideration	420	113
Of which:		
Cash	344	96
Non cash and deferred consideration	76	17

The values of net assets acquired and of consideration are provisional and will be subject to adjustment as fair values are finalised during 1997.

22 Reconciliation of operating profit to operating cash flows

Operating profit	2 874	2 526
Depreciation	849	796
Changes in working capital:		
Stocks	51	(386)
Debtors	48	128
Creditors	(37)	(27)
Pensions and similar provisions less payments	(128)	40
Restructuring and other provisions less payments	175	65
Other adjustments	(16)	96
Cash flow from operations	3 816	3 238

23 Analysis of cash flows for headings netted in the cash flow statement
Returns on investments and servicing of finance

Dividends from fixed investments	19	18
Interest received	133	105
Interest paid	(356)	(365)
Preference dividend paid	(6)	(6)
Dividends paid to minority shareholders	(52)	(51)
	(262)	(299)

23 Analysis of cash flows for headings netted in the cash flow statement *(continued)*
Capital expenditure and financial investment

	£ million	
	1996	1995
Purchase of tangible fixed assets	(1 169)	(1 214)
Disposal of tangible fixed assets	134	86
Acquisition/disposal of fixed investments	(22)	1
Purchase of own shares (employee share schemes)	(20)	(41)
	(1 077)	(1 168)

Acquisitions and disposals

Acquisition of group companies 21	(1 246)	(798)
Cash balances of businesses acquired	31	67
Consideration paid in respect of acquisitions made in previous years	(1)	(9)
Disposal of group companies 21	344	96
Cash balances of businesses sold	1	(2)
Consideration received in respect of disposals made in previous years	3	21
	(868)	(625)

Management of liquid resources

Purchase of current investments	(409)	(383)
Sale of current investments	342	547
(Increase)/decrease in cash on deposit	(226)	94
	(293)	258

Financing

Issue of ordinary share capital (employee share schemes)	—	3
Issue of shares by group companies to minority shareholders	14	14
Debt due within one year:		
Increases	1 381	1 529
Repayments	(1 473)	(1 790)
Debt due after one year:		
Increases	507	315
Repayments	(135)	(148)
	294	(77)

Included as liquid resources are term deposits of less than one year, government securities and A1/P1 rated corporate commercial paper.

Unilever Group

Notes to the consolidated accounts

£ million

	1 January 1996	Cash flow	Acquisitions/ Disposals (excluding cash & overdrafts)	Other non cash changes	Currency movement	31 December 1996
24 Analysis of net debt						
Cash on call and in hand	732	204			(195)	741
Overdrafts	(277)	4			22	(251)
		208				
Borrowings due within one year	(908)	92	(31)	(253)	118	(982)
Borrowings due after one year	(2 194)	(372)	(86)	237	267	(2 148)
		(280)				
Current investments	380	67	—	(12)	(60)	375
Cash on deposit	377	226	52	—	(83)	572
		293				
Net debt	(1 890)	221	(65)	(28)	69	(1 693)

Other non cash changes include profits and losses on disposal and adjustments to realisable value of current investments; exchange gains and losses on borrowings; and the reclassification of long-term borrowings falling due within one year at the balance sheet date.

25 Combined earnings per share

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

The calculations are:

	Thousands of Fl. 4 share units		Thousands of 5p share units	
	1996	1995	1996	1995
Average ordinary capital: NV	160 041	160 041	1 066 942	1 066 942
PLC	122 260	122 235	815 068	814 902
less: PLC shares held by employee share trusts	(2 211)	(2 487)	(14 742)	(16 578)
Combined average number of share units	280 090	279 789	1 867 268	1 865 266
	Fl. million		£ million	
Net profit	4 215	3 725	1 610	1 473
less: Preference dividends	(15)	(15)	(6)	(6)
Net profit attributable to ordinary capital	4 200	3 710	1 604	1 467
Divided by the combined average number of share units equals:	Fl. 15.00	Fl. 13.26	85.90p	78.63p
On a SSAP 15 basis the calculations would be:				
Net profit attributable to ordinary capital	4 558	3 961	1 740	1 566
Divided by the combined average number of share units equals:	Fl. 16.27	Fl. 14.15	93.21p	83.94p

The effects on combined earnings per share of (a) full conversion into PLC ordinary shares of the shares in a group company which are convertible in the year 2038 as described in note 18 on page 17, and (b) the exercise of share options, details of which are set out in note 18 on page 18, are not material.

Unilever Group

Notes to the consolidated accounts

	£ million	
	1996	1995
26 Commitments		
Long-term lease commitments under operating leases in respect of:		
Land and buildings	1 041	1 195
Other tangible fixed assets	343	276
	1 384	1 471
The commitments fall due as follows:		
Within 1 year	236	245
After 1 year but within 5 years	606	636
After 5 years	542	590
	1 384	1 471
Other commitments	153	171
Of which payable within one year	102	87

27 Contingent liabilities

Contingent liabilities amounting to £128 million (1995: £154 million) arise from guarantees. These guarantees are not expected to give rise to any material loss. Guarantees given by parent or group companies relating to liabilities included in the consolidated accounts are not included.

Other contingent liabilities include litigation against companies in the Group and obligations under environmental legislation in various countries. These are not expected to give rise to any material loss.

28 Pension schemes

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

Valuations are usually carried out annually using the projected unit method, with the aim of ensuring that as far as possible current and future charges remain a stable percentage of pensionable payroll. The actuarial assumptions used to calculate the benefit obligation vary according to the economic conditions of the country in which the plan is situated. It is usually assumed that, over the long term, the annual rate of return on investments will be higher than the annual increase in pensionable remuneration and in present and future pensions in payment. For the key factors influencing the actuarial valuations, the average assumptions for the principal schemes, weighted by market value, at their most recent valuation were: interest rate 8.1% p.a.; salary increases 5.4% p.a.; pension increases 3.6% p.a.; assets at smoothed market value.

At 31 December 1996 the market value of the assets of externally funded defined benefit schemes was £8 340 million (1995: £8 246 million), and net provisions in the accounts amounted to £1 370 million (1995: £1 700 million). The level of funding of all defined benefit schemes at the dates of the last valuations, in aggregate, was 130% (1995: 127%). The levels of funding represent the actuarial value of fund assets and the provisions held in the consolidated accounts at the dates of the most recent valuations expressed as a percentage of the value of benefits that had accrued to members at those dates, after allowing for expected future increases in pensionable remuneration and pensions in the course of payment.

Pension costs and company contributions to defined benefit schemes (as shown in note 3 on page 12) have been reduced in recent years by the amortisation of surpluses in some funds. This was particularly significant in 1996, when actuarial valuations identified increased surpluses in a number of funds resulting from a combination of higher than expected investment returns and reducing employee numbers. In December 1996 the trustees of the main pension fund in the United Kingdom agreed to earmark up to £150 million of the surplus in the fund to absorb past and future unfunded pension liabilities. It is expected that pension costs will continue to benefit from the amortisation of substantial fund surpluses for a number of years.

The Group also operates a number of defined contribution schemes. The assets of all the Group's defined contribution schemes are held in independently administered funds. The pension costs charged to the profit and loss account represent contributions payable by the Group to the funds. The market value of the assets of externally funded defined contribution schemes as at 31 December 1996 was £908 million (1995: £950 million).

29 Post-retirement health benefits

Group companies provide post-retirement health care benefits to a number of retired employees in certain countries, principally the United States, under several different plans which are predominantly unfunded. In assessing the liability in respect of these benefits, advice is obtained from independent actuaries. The valuations assume that medical cost inflation will fall from its current level of approximately 9.5% over the next few years and reach a constant level of approximately 5% by the year 2005. The weighted average discount rate assumed at both 1 January 1996 and 31 December 1996 was approximately 7%.

Unilever Group

Notes to the consolidated accounts

30 Financial instruments

As outlined in the Annual Review 1996, in the Financial Review section on page 41, there are comprehensive policies in place, approved by the directors, covering the use of straightforward derivative financial instruments. Such instruments are used solely for hedging purposes. The use of leveraged instruments is not permitted. The accounting policies governing these instruments are fully in line with generally accepted practice. Details of the instruments used in connection with interest rate and foreign exchange risk management, together with information on related exposures, are given below.

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

At the end of 1996 interest rates were fixed on approximately 52% of the projected debt for 1997, and 47% for 1998 (compared to 65% for 1996 and 45% for 1997 at the end of 1995). Similarly, interest receivable was fixed on approximately 61% of projected funds for 1997 and 52% for 1998 (compared to 75% for 1996 and 50% for 1997 at the end of 1995). Nominal values of interest rate derivative instruments are shown in the table below. These nominal values are relatively high in relation to total debt and investments because certain financial instruments have consecutive strike and maturity dates on the same underlying debt in different periods. In addition, derivatives are used to swap fixed interest long-term debt into floating rate debt. Whilst the nominal amounts reflect the volume of activity, they do not therefore properly reflect the considerably lower amounts of credit and market risks to which the Group is exposed. The market value of these interest rate instruments at the end of 1996 represented an unrealised gain of £53 million (1995: £85 million).

£ million	Nominal amounts at 31 December	
	1996	1995
Interest rate swaps	5 580	6 058
Forward rate agreements	182	812
Swaptions, caps, floors	147	322
Total	5 909	7 192

Under the Group's foreign exchange policy, exposures with a maximum of one year maturity are generally hedged; this is achieved through the use of forward foreign exchange contracts and, to a limited extent, foreign currency options. The market value of these instruments at the end of 1996 represented an unrealised loss of £34 million (1995: gain of £10 million).

£ million	Nominal amounts at 31 December	
	1996	1995
Foreign exchange contracts - buy	1 487	1 436
- sell	2 747	2 633
Total	4 234	4 069

The undernoted table summarises the fair values and carrying amounts of the various classes of financial instruments as at 31 December:

£ million	Fair value		Carrying amount	
	1996	1995	1996	1995
Fixed investments	120	114	113	109
Current investments	375	380	375	380
Cash	1 313	1 109	1 313	1 109
Bonds and other loans	(2 580)	(2 456)	(2 502)	(2 306)
Bank loans and overdrafts	(879)	(1 073)	(879)	(1 073)
Interest rate swaps - assets	142	209	26	15
- liabilities	(83)	(108)	—	—
Forward rate agreements - assets	—	1	—	—
- liabilities	—	(4)	—	—
Foreign exchange contracts - assets	19	27	(34)	10
- liabilities	(53)	(17)	—	—
Swaptions, caps, floors - assets	—	—	—	—
- liabilities	(6)	(13)	—	—

The fair values of fixed investments are based on their market value. The fair values of forward foreign exchange contracts represent the unrealised gain or loss on revaluation of the contracts to year end rates of exchange. The fair values of bonds and other loans, interest rate swaps, forward rate agreements, swaptions, caps and floors are estimated based on the net present value of the discounted anticipated future cash flows associated with these instruments.

Unilever Group

Notes to the consolidated accounts

31 Summarised accounts of the NV and PLC parts of the Group

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

£ million

	NV		PLC	
	1996	1995	1996	1995
Profit and loss account				
<i>for the year ended 31 December</i>				
Turnover	23 708	22 393	9 814	9 123
Operating profit	1 865	1 584	1 009	942
Income from fixed investments	15	20	19	28
Interest	(166)	(180)	(85)	(75)
Profit on ordinary activities before taxation	1 714	1 424	943	895
Taxation on profit on ordinary activities	(651)	(487)	(315)	(294)
Profit on ordinary activities after taxation	1 063	937	628	601
Minority interests	(19)	(22)	(62)	(43)
Net profit	1 044	915	566	558
Balance sheet				
<i>as at 31 December</i>				
Fixed assets	5 453	6 194	2 614	2 662
Current assets				
Stocks	2 493	2 814	1 413	1 478
Debtors	3 183	3 465	1 394	1 259
Cash and current investments	1 298	1 218	390	271
	6 974	7 497	3 197	3 008
Creditors due within one year				
Borrowings	(967)	(817)	(266)	(368)
Trade and other creditors	(4 030)	(4 457)	(1 850)	(1 872)
Net current assets	1 977	2 223	1 081	768
Total assets less current liabilities	7 430	8 417	3 695	3 430
Creditors due after more than one year				
Borrowings	1 839	1 849	309	345
Trade and other creditors	315	281	96	89
Provisions for liabilities and charges	2 341	2 634	701	669
Intra-group – NV/PLC	(434)	(217)	434	217
Minority interests	121	142	222	217
Capital and reserves	3 248	3 728	1 933	1 893
Total capital employed	7 430	8 417	3 695	3 430

Unilever Group

Principal group companies and fixed investments

as at 31 December 1996

The companies listed below and on pages 26 to 28 are those which in the opinion of the directors principally affect the amount of profit and assets shown in the Unilever Group accounts. The directors consider that those companies not listed are not significant in relation to Unilever as a whole.

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

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

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

Holding companies	H
Foods	F
Detergents	D
Personal Products	P
Speciality Chemicals	C
Plantations, Plant Science & Trading Operations	O

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

The letters NV 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 NV or by PLC.

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

Principal group companies

%	Europe	
	Austria – NV	
	Eskimo-Iglo Ges.m.b.H.	F
	Österreichische Unilever Ges.m.b.H.	FDP
	Unifrost Ges.m.b.H.	F
	Belgium – NV	
	Unilever Belgium N.V.	FDPO
	Czech Republic – NV	
	Unilever ČSFR spol. sr. o.	FDP
	Denmark – NV	
	Unilever Danmark A/S	FDP
	Finland – NV	
	Suomen Unilever Oy	FDP
	France – NV	
99	Astra-Calvé S.A.	F
99	Boursin S.A.	F
50	Choky S.A.	F
99	Cogesal S.A.	F
99	Elida Fabergé S.A.	P
99	Fralib S.A.	F
99	Frigedoc S.A.	F
99	Lever S.A.	D
99	Ortiz-Miko S.A.	F
99	Unilever France S.A.	H
	Germany – NV	
	Deutsche Unilever GmbH	H
	Diversey GmbH	D
	Elida-Gibbs GmbH	P
	Fritz Homann Lebensmittelwerke GmbH	F
	Frozen Fish International GmbH	F
	Langnese-Iglo GmbH	F
	Lever GmbH	D
	Lever Sutter GmbH	D
	Meistermarken-Werke GmbH, Spezialfabrik für Back- und Grossküchenbedarf	F
	National Starch and Chemical GmbH	C
	'Nordsee' GmbH	F
	'Unichema' Chemie GmbH	C
	Union Deutsche Lebensmittelwerke GmbH	F
	Greece – NV	
51	'Elais' Oleaginous Products A.E.	F
	Lever Hellas A.E.B.E.	FDP
	Hungary – NV	
	Unilever Magyarország Beruházási Kft	FP
	Unilever Magyarország Élelmiszer-és Mosószergyártó Rt	FD
	Ireland – PLC	
	Elida Lever Ireland Ltd.	DP
75	Lyons Tea Ireland Ltd.	F
	Quest International Ireland Ltd.	C
	Van den Bergh Foods Ltd.	F
	W. & C. McDonnell Ltd.	F
	Italy – NV	
	Unilever Italia SpA	FDPC

Unilever Group

Principal group companies and fixed investments

as at 31 December 1996

Principal group companies (continued)

% Europe (continued)		% Europe (continued)		
The Netherlands – NV		Switzerland – NV		
	Crosfield B.V.	C	DiverseyLever A.G.	D
	DiverseyLever B.V.	D	Elida Cosmetic A.G.	P
	Elida Andrélon B.V.	P	Elizabeth Arden International S.A.	P
	Iglo-Ola B.V.	F	Elotex A.G.	C
	Im. van den Berg B.V.	F	Lever A.G.	DP
	Lever Nederland B.V.	D	Lipton-Sais	F
	Loders Croklaan B.V.	F	Pierrot-Lusso A.G.	F
	Molco Wijchen B.V.	F	Meina Holding A.G.	H
	Mora B.V.	F	Sunlight A.G.	O
	National Starch & Chemical B.V.	C	Unilever (Schweiz) A.G.	O
	Quest International Nederland B.V.	C		
	Unichema Chemie B.V.	C	United Kingdom – PLC	
*	Unilever N.V.	H	Birds Eye Wall's Ltd.	F
	Unilever Nederland B.V.	H	Calvin Klein Cosmetics (UK) Ltd.	P
	UniMills B.V.	F	Colman's of Norwich Ltd.	F
	Van den Bergh Nederland B.V.	F	Crosfield Ltd.	C
	Van Lieshout Vleeswaren B.V.	F	DiverseyLever Ltd.	D
	Vinamul B.V.	C	Elida Fabergé Ltd.	P
			Elizabeth Arden Ltd.	P
	Poland – NV		John West Foods Ltd.	F
99	Unilever Polska S.A.	FDP	Laing National Ltd.	C
	SZPT-Van den Bergh Foods S.A.	F	Lever Brothers Ltd.	D
			Lever Industrial Ltd.	D
	Portugal – NV		H. Leverton Ltd.	O
74	Iglo Indústrias de Gelados, Lda.	F	Lipton Ltd.	F
60	Indústrias Lever Portuguesa, Lda.	DP	Loders Croklaan Ltd.	C
			National Starch and Chemical Ltd.	C
	Romania – NV		Plant Breeding International Cambridge Ltd.	O
99	Unilever Romania	DP	Quest International (Fragrances, Flavours, Food Ingredients) UK Ltd.	C
			Unilever Overseas Buying Services Ltd.	O
	Russia – NV		UML Ltd.	O
99	Severnoye Siyaniye	P	Unichema Chemicals Ltd.	C
			Unilever PLC	H
	Slovakia – NV		Unilever International Market Development Company Ltd.	O
	Unilever Slovensko spol. sr. o.	FDP	Unilever U.K. Central Resources Ltd.	O
			Unipath Ltd.	C
	Spain – NV		Van den Bergh Foods Ltd.	F
	Agra S.A.	F	Vinamul Ltd.	C
	Elida Fabergé S.A.	P		
99	Frigo S.A.	F		
60	Frudesa S.A.	F		
	Lever España S.A.	D		
	Unilever España S.A.	H		
	Sweden – NV			
	Elida Robert Group AB	P		
	GB Glace AB	F		
	Lever AB	D		
	Leverindus AB	D		
	National Starch and Chemical AB	C		
	Unilever Sverige AB	H		
	Van den Bergh Foods AB	F		

* See 'Basis of consolidation' on page 2.

* See 'Basis of consolidation' on page 2.

Unilever Group

Principal group companies and fixed investments

as at 31 December 1996

Principal group companies (continued)

% North America		% Africa and Middle East (continued)	
Canada – PLC		Tanzania – PLC	
	Helene Curtis Ltd. P		Brooke Bond Tanzania Ltd. O
	Nacan Products Limited C	Turkey – NV	
	UL Canada Inc. FDPC	68	Elida Kozmetik Sanayi ve Ticaret A.Ş. P
	Unilever Canada Limited H	88	Lever Temizlik Maddeleri Sanayi ve Ticaret A.Ş. D
United States of America – NV (75%); PLC (25%)			Unikom Sanayi ve Ticaret A.Ş. F
	Ablestik Laboratories C		Unilever Sanayi ve Ticaret Türk A.Ş. F
	Calvin Klein Cosmetics Company P	Uganda – PLC	
	Chesebrough-Pond's USA Co. P		Unilever Uganda Ltd. DP
	Diversey Lever, Inc. D	Zaire – NV	
	Elizabeth Arden Co. P		Compagnie des Margarines, Savons et
	Good Humor Breyers Ice Cream Company F		Cosmétiques au Zaïre s.a.r.l. FDPC
	Gorton's F	76	Plantations Lever au Zaïre s.a.r.l. O
	Helene Curtis P	Zambia – PLC	
	Lever Brothers Company D		Lever Brothers Zambia Limited D
	Thomas J. Lipton Company F	Zimbabwe – PLC	
	National Starch and Chemical Company C		Lever Brothers (Private) Ltd. FDPC
	Quest International C	% Asia and Pacific	
	Unilever Capital Corporation O	Australia – PLC	
	Unilever United States, Inc. H		Unilever Australia Ltd. FDPCO
	Van den Bergh Foods Company F	Bangladesh – PLC	
% Africa and Middle East			Lever Brothers Bangladesh Ltd. FDP
Côte d'Ivoire – PLC		China – NV/PLC	
90	Blohorn S.A. FDO	60	Guangdong Lipton Foods Company Ltd. F
Dubai – PLC		70	Hefei Lever Detergent Co. Ltd. D
	Unilever Gulf Free Zone Establishment O		National Starch & Chemical (Guangdong) Ltd. C
Egypt – PLC		90	Shanghai Elida Co. Ltd. P
60	Fine Foods Egypt SAE F	54	Shanghai Lever Company Ltd. D
75	Lever Egypt SAE DP		Unilever (China) Ltd. H
Ghana – PLC		87	Unilever (Shanghai) Company Ltd. DP
67	Unilever Ghana Ltd. FDPCO	60	Unilever (Shanghai) Toothpaste Company Ltd. P
Israel – PLC		97	Wall's (China) Company Ltd. F
50	Glidat Strauss Ltd. F	70	ZhangJiaKou Unilever Detergent Co., Ltd. D
60	Lever Israel Ltd. D	Hong Kong – NV	
Kenya – PLC			Unilever Hong Kong Ltd. FDP
88	Brooke Bond Kenya Ltd. O	India – PLC	
61	East Africa Industries Ltd. FDPC	51	Hindustan Lever Ltd. FDPCO
Malawi – PLC		52	Pond's India Ltd. PCO
	Lever Brothers (Malawi) Ltd. FDPC	Indonesia – NV	
Morocco – PLC			P.T. Unilever Indonesia FDPC
	Lever Maroc S.A. DP	Japan – NV	
Nigeria – PLC			Helene Curtis Japan A.K. P
50	Lever Brothers Nigeria PLC FDPC	95	Kanebo-NSC C
Saudi Arabia – PLC			Nippon Lever B.V.
49	Binzagr Lever Ltd. P		(incorporated in the Netherlands) FP
49	Binzagr Lipton Ltd. F	Japan – PLC	
49	Binzagr Wall's Ltd. F		Lever Brothers Ltd. D
49	Lever Arabia Ltd. D		(incorporated in the United Kingdom)
South Africa – PLC			
	Unilever South Africa (Pty.) Ltd. FDPC		

Unilever Group

Principal group companies and fixed investments

as at 31 December 1996

Principal group companies (continued)

% Asia and Pacific (continued)		
Malaysia – PLC		
70	Unilever (Malaysia) Holdings Sdn. Bhd. Pamol Plantations Sdn. Bhd.	FDPC O
New Zealand – PLC		
	Unilever New Zealand Ltd.	FDPC
Pakistan – PLC		
69	Lever Brothers Pakistan Ltd.	FDP
Philippines – NV		
	Unilever Philippines (PRC), Inc.	FDPC
Singapore – PLC		
	Unilever Singapore Private Ltd.	FDP
South Korea – NV		
50	Haepyo-Unilever Co. Ltd. Unilever Korea	F DP
Sri Lanka – PLC		
	Unilever Ceylon Ltd.	FDPO
Taiwan – NV		
	Mavibel/Taiwan Ltd.	DP
Thailand – NV		
	Lever Brothers (Thailand) Ltd.	FDPC
Vietnam – NV		
66	Lever VISO	DP
66	Lever HASO	DP
% Latin America		
Argentina – NV		
	Unilever de Argentina S.A.	FDPC
Bolivia – NV		
	Quimbol Lever S.A.	FDP
Brazil – NV		
99	Indústrias Gessy Lever Ltda.	FDPC
Chile – NV		
	Lever Chile S.A. (PLC 25%)	FDPC
Colombia – NV		
	Unilever Andina (Colombia) S.A. (PLC 40%)	FDPC
El Salvador – NV		
60	Industrias Unisola S.A.	FDP
Mexico – NV		
97	Anderson Clayton & Co. S.A. Pond's de Mexico S.A. de C.V.	FO P
Netherlands Antilles – NV		
	Unilever Becumij NV.	O

Principal group companies (continued)

% Latin America (continued)		
Paraguay – NV		
	Unilever Capsa del Paraguay	FDP
Peru – NV		
72	Industrias Pacocha S.A.	FDP
Trinidad & Tobago – PLC		
50	Lever Brothers West Indies Ltd.	FDPC
Uruguay – NV		
	Sudy Lever S.A.	FDP
Venezuela – NV		
	Unilever Andina S.A.	FDPC

Principal fixed investments

Associated companies

% Europe		
France – NV		
50	Société Yoghourts et Glaces	F
Portugal – NV		
40	FIMA – Produtos Alimentares, Lda.	F
40	Victor Guedes – Indústria e Comércio S.A.	F
% North America		
United States of America – NV (75%); PLC (25%)		
50	The Pepsi/Lipton Tea Partnership	F
% Africa and Middle East		
Nigeria – PLC		
40	Tractor and Equipment (Nigeria) Ltd.	O
% Asia and Pacific		
China – NV/PLC		
50	Shanghai Pond's Company Ltd.	P
50	Shanghai Van den Bergh Company Ltd.	F
Pakistan – PLC		
40	Brooke Bond Pakistan Ltd.	F

Unilever N.V.

Company accounts

	Fl. million	
	1996	1995
Balance sheet		
<i>as at 31 December</i>		
Fixed assets		
Fixed investments	1 966	1 962
Current assets		
Debtors	14 499	13 738
Cash at bank and in hand	238	185
Creditors due within one year	14 737	13 923
	(7 190)	(7 503)
Net current assets	7 547	6 420
Total assets less current liabilities	9 513	8 382
Creditors due after more than one year	4 040	3 058
Provisions for liabilities and charges	293	285
Capital and reserves	5 180	5 039
Called up share capital:		
Preferential share capital 18	265	265
Ordinary share capital 18	642	642
	907	907
Share premium account	52	52
Profit retained and other reserves	4 221	4 080
Total capital employed	9 513	8 382
Profit and loss account		
<i>for the year ended 31 December</i>		
Income from fixed investments after taxation	1 168	1 065
Other income and expense	166	123
Profit of the year	1 334	1 188

Pages 6 to 28 and 30 contain the notes to the NV company accounts. For the information required by Article 392 of Book 2, Civil Code, refer to pages 5 and 31.

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

The Board of Directors

10 March 1997

References relate to a note on pages 17 and 18.

Unilever N.V.

Notes to the company accounts

	Fl. million	
	1996	1995
Fixed investments		
Shares in group companies	1 966	1 962

Shares in group companies are stated at cost in accordance with international accounting practice in various countries, in particular the United Kingdom. The cost of NV shares purchased and held by subsidiaries has been deducted from this heading.

Movements during the year:

1 January	1 962	
Transfer of shares from/(to) group companies	46	
NV shares held by subsidiaries	(61)	
Other movements	19	
31 December	1 966	

Debtors

Loans to group companies	6 793	5 900
Other amounts owed by group companies	7 531	7 784
Other	175	54
	14 499	13 738
Of which due after more than one year	2 971	2 293

Cash at bank and in hand

includes amounts for which repayment notice is required of	75	50
--	----	----

Creditors

Due within one year:		
Bank loans and overdrafts	4	14
Bonds and other loans 13	1 197	198
Loans from group companies	28	1 342
Other amounts owed to group companies	4 906	4 988
Taxation and social security	89	59
Accruals and deferred income	196	139
Dividends	764	757
Other	6	6
	7 190	7 503
Due after more than one year:		
Bonds and other loans 13	4 014	3 032
Loans from group companies	26	26
	4 040	3 058
These include amounts due after more than five years:		
Bonds and other loans	1 634	1 883

References relate to a note on page 15.

	Fl. million	
	1996	1995
Provisions for liabilities and charges		
Pension provisions	303	297
Deferred taxation and other provisions	(10)	(12)
	293	285
Of which due within one year	13	15

Ordinary share capital

Shares numbered 1 to 2 400 are held by a subsidiary of NV and a subsidiary of PLC. Additionally, 1 554 228 Fl. 4 ordinary shares are held by other subsidiaries of NV. Full details are given in note 18 on pages 17 and 18.

Share premium account

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

Profit retained and other reserves

Profit retained 31 December	4 551	4 349
Cost of NV shares purchased and held by subsidiaries	(330)	(269)
Balance 31 December	4 221	4 080

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

Contingent liabilities

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

Group companies	3 741	3 786
Other	—	51
	3 741	3 837
Of the above, guaranteed also by PLC	1 406	1 642

Unilever N.V.

Further statutory information

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

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

	Fl. million	
	1996	1995
Proposed profit appropriation		
Profit of the year	1 334	1 188
Preference dividends	(15)	(15)
Profit at disposal of the Annual General Meeting of shareholders	1 319	1 173
Ordinary dividends	(1 117)	(991)
Profit of the year retained	202	182
Profit retained – 1 January	4 349	4 167
Profit retained – 31 December	4 551	4 349

Special controlling rights under the Articles of Association

See note 18 on page 17.

Auditors

A resolution will be proposed at the Annual General Meeting on 6 May 1997 for the reappointment of Coopers & Lybrand N.V. as auditors of NV. The present appointment will end at the conclusion of the Annual General Meeting.

JWB Westerburgen
SG Williams

Joint Secretaries of Unilever N.V.
10 March 1997

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

Unilever PLC

Company accounts

	£ million	
	1996	1995
Balance sheet		
<i>as at 31 December</i>		
Fixed assets		
Fixed investments	1 333	1 324
Current assets		
Debtors due after more than one year	63	66
Debtors due within one year	372	546
	435	612
Creditors due within one year	(644)	(815)
Net current liabilities	(209)	(203)
Total assets less current liabilities	1 124	1 121
Creditors due after more than one year	100	100
Capital and reserves	1 024	1 021
Called up share capital 18	41	41
Share premium account	93	93
Profit retained	879	876
Capital redemption reserve 20	11	11
Total capital employed	1 124	1 121

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

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

On behalf of the Board of Directors

NWA FitzGerald *Chairman*

M Tabaksblat *Vice-Chairman*

10 March 1997

References relate to notes on pages 17 to 19.

Unilever PLC

Notes to the company accounts

	£ million			£ million	
	1996	1995		1996	1995
Fixed investments			Profit retained		
Shares in group companies	1 202	1 196	1 January	876	866
Book value of shares held in connection with share options	131	128	Goodwill movements	1	(6)
	1 333	1 324	Profit of the year	259	251
			Dividends on ordinary and deferred shares	(257)	(235)
			31 December	879	876
Shares in group companies are stated at directors' valuation made on the rearrangement of the Unilever Group in 1937, with bonus shares at par and other additions at cost or valuation, less amounts written off.			Contingent liabilities		
Movements during the year:			These are not expected to give rise to any material loss and include guarantees given for group companies, under which amounts outstanding at 31 December were:		
1 January	1 196			1 300	800
Additions	13		Of the above, guaranteed also by NV	£ 474	659
Disposals	(7)				
31 December	1 202		Remuneration of auditors		
			Parent company audit fee	0.7	0.6
Debtors			Non-audit services provided by Coopers & Lybrand United Kingdom	0.4	0.4
Due after more than one year:			Profit appropriation		
Amounts owed by group companies	19	21	The proposed appropriation of the profit of PLC is as follows:		
Advance Corporation Tax	44	45			
	63	66	Interim and recommended final dividends	257	235
Due within one year:			Profit of the year retained	2	16
Amounts owed by group companies	360	537			
Other	12	9			
	372	546			
Total debtors	435	612			
The Advance Corporation Tax borne by the parent company will be surrendered and set off against liabilities of group companies where appropriate. The total of £44 million is recoverable against liabilities for 1997 and later years.					
Creditors					
Due within one year:					
Amounts owed to group companies	383	517			
Bonds and other loans 13	9	38			
Taxation and social security	76	68			
Dividends	175	179			
Other	1	13			
	644	815			
Due after more than one year:					
Bonds and other loans 13	100	100			

References relate to a note on page 15.

Unilever PLC

Further statutory information and other information

Emoluments and interests of directors

This note comprises the report to shareholders on behalf of the Board by the Remuneration Committee. The members of this Committee are FH Fentener van Vlissingen (Chairman), Sir Derek Birkin and B Collomb.

The Remuneration Committee has given full consideration to Section B of the best practice provisions annexed to the Listing Rules of the London Stock Exchange in framing its remuneration policy.

Policy: directors' emoluments

The objective of Unilever's remuneration policy for directors is to motivate and retain top class business people able to direct and lead a large international company, and to reward them accordingly.

The Remuneration Committee believes that the level of remuneration of Dutch or British directors resident in their home countries should be in line with that of executive directors of major international industrial companies based in the Netherlands and the United Kingdom respectively who have similar responsibilities to a Unilever director but bearing in mind Unilever's size and special features. The levels of remuneration of the Chairmen and the members of the Executive Committee take into account their special responsibilities and provide differentials comparable to those found in other major international industrial companies. A director who is not resident in his home country is paid at the level of remuneration appropriate to his place of residence if this is higher than that in his home country. However, directors not of Dutch or British nationality are, in principle, to be no worse off than they would be if based in their home country in a job of comparable importance.

Levels of remuneration are reviewed annually by the Remuneration Committee in the light of external expert advice which assesses competitive levels of remuneration in the largest companies relevant to the residence of the group of Unilever directors concerned. Comparison is also made with the remuneration of senior employees within Unilever.

The Remuneration Committee's policy is to seek to link reward closely to performance by using merit pay increases and bonuses based on both corporate and personal performance.

NV and PLC and their group companies constitute a single group. It is therefore the practice for directors to receive emoluments from both NV and PLC because, in varying proportions, they serve both companies. Emoluments, wherever stated, include payments from both NV and PLC.

All emoluments and fees earned by directors from outside directorships and like sources are required to be paid to and are retained by Unilever.

All directors' emoluments, including those of the Chairmen, are made up of the following elements:

(i) Salary:

Salaries are fixed by the Remuneration Committee. They are usually fixed in the currency appropriate to the location, London or Rotterdam, where the director is based. Directors, like other employees, receive an additional month's salary in the year they complete 25 years' service with Unilever.

(ii) Allowances and value of benefits in kind:

In appropriate cases, and usually in accordance with the same rules as apply to all qualifying employees, directors receive allowances to help them meet expenses incurred by virtue of their employment, for example in respect of relocation and consequential disturbance and education expenses. Certain of the London based directors receive an allowance to take account of the fact that part of their remuneration is paid in the Netherlands. Benefits in kind are items such as a company car and medical insurance.

(iii) Performance related payments:

These arise under an annual bonus scheme and under an incentive scheme related to Unilever's share price.

Bonuses are set by the Remuneration Committee. The maximum bonus for directors is 40% of salary. Bonuses are paid in cash and are based on achievement of a target or target range which may involve two measures of performance:

(a) a corporate target; and

(b) individual targets.

The corporate target is based on the average of the increase in earnings per share expressed in guilders and in pounds sterling. The individual targets are based on previously agreed key objectives.

The incentive scheme has been used in cases where it has not been possible to grant directors based in the United Kingdom their full entitlement to options under the normal PLC 1985 Executive Share Option Schemes because they receive part of their salary from NV. The shortfall has been made up with PLC notional executive share options. Under this scheme, which mirrors the PLC 1985 Executive Share Option Schemes, payments in cash are made of the difference between the notional option exercise price and the market price of the PLC ordinary shares of 5p each at the moment of 'exercise'.

Since 1993 directors based in the United Kingdom have received options under the NV Executive Share Option Scheme in respect of the salary paid by NV. Therefore no notional options have been granted since then and this incentive scheme is being phased out.

Unilever PLC

Further statutory information and other information

Emoluments and interests of directors (continued)

Policy: directors' pensions

The aim of the Remuneration Committee is that pension and other related benefits should be in line with good practice by major companies in the Netherlands and the United Kingdom, bearing in mind the need to establish reasonable comparability between the conditions for the various nationalities of directors.

All directors are members of the normal Unilever pension schemes. The NV scheme was on company and employee contribution holidays in 1995 and 1996. The PLC scheme was on a company and employee contribution holiday in 1995 until April when contributions resumed at the rates of 6% and 2% of pensionable salary respectively. Contributions at these rates were also payable during 1996.

All directors are also members of the early retirement scheme for senior managers. The current arrangements are that directors belong to either the NV or PLC scheme, depending on their normal place of residence. NV contributes to the NV scheme and PLC contributes to the PLC scheme. In order to equalise benefits under these early retirement schemes amongst the directors, directors who are members of the NV scheme and retire at normal retirement date receive an additional amount equal to one year's final pensionable pay. The benefits received by directors under these schemes are, in almost all other respects, the same as for other members.

Under the schemes, final pensionable pay takes into account the bonuses paid in the last three years prior to termination of service, subject to a maximum of 20%. The Remuneration Committee believes that the policy of recent years of switching a significant part of the directors' emoluments from salary to performance related payments, whilst retaining control over the overall package of emoluments, should not affect the directors' reasonable expectations of a pension at a level that is in line with that provided by major companies in the Netherlands and the United Kingdom. The Committee has noted the various recommendations in the United Kingdom on the pensionability of bonuses and continues to keep the development of best practice in the United Kingdom under review.

Directors' emoluments

The aggregate emoluments of the directors were as follows:

	£	
	1996	1995
Salary	6 266 568	6 021 571
Allowances and value of benefits in kind	640 987	1 011 267
Performance related payments	2 136 407	945 349
Total	9 043 962	7 978 187
Company pension scheme contributions	2 847 470	2 216 846

The emoluments of the individual directors were as follows:

	Salary	Allowances and value of benefits in kind	Performance related payments	Total 1996	Total 1995	Equivalent totals ⁽⁶⁾	
						1996	1995
Paid in pounds sterling:	£	£	£	£	£	Fl.	Fl.
Sir Michael Perry ⁽¹⁾	480 000	66 898	168 480	715 378	875 950	1 873 576	2 215 278
NWA FitzGerald ⁽²⁾	435 333	49 982	152 802	638 117 ⁽³⁾	438 815	1 671 228	1 109 764
RD Brown	320 000	50 856	97 920	468 776	403 738	1 227 724	1 021 053
AC Butler	300 000	25 982	101 100	427 082	393 006 ⁽⁵⁾	1 118 528	993 912
H Eggerstedt	586 000	19 619	191 622	797 241	642 399	2 087 974	1 624 627
AS Ganguly	320 000	87 457	123 840	531 297	502 554	1 391 467	1 270 959
CM Jemmett	330 000	34 063	127 710	491 773	416 075	1 287 953	1 052 254
RM Phillips	580 000	110 752	224 460	915 212	561 023	2 396 940	1 418 828
Paid in guilders:	Fl.	Fl.	Fl.	Fl.	Fl.	£	£
M Tabaksblat ⁽⁴⁾	1 970 000	87 946	691 470	2 749 416	2 004 031	1 049 796	792 420
JIW Anderson	1 120 000	190 185	433 440	1 743 625	1 481 634	665 760	585 858
A Burgmans	1 050 000	76 148	196 350	1 322 498	2 046 670	504 963	809 280
A Kemner	1 070 000	60 781	414 090	1 544 871	1 327 131	589 871	524 765
OoH Müller	1 325 000	39 946	418 700	1 783 646	1 534 280	681 041	606 675
J Peelen	1 100 000	56 689	330 000	1 486 689	1 076 416	567 655	425 629

(1) Chairman of PLC until retirement on 31 August 1996.

(2) Chairman of PLC from 1 September 1996.

(3) Includes emoluments as Chairman of £231 020.

(4) Chairman of NV and highest paid director in 1996.

(5) Includes 25 year service award of £34 286.

(6) Based on average exchange rate for the year of £1 = Fl. 2.619 (1995: £1 = Fl. 2.529).

Unilever PLC

Further statutory information and other information

Emoluments and interests of directors *(continued)*

Directors' emoluments *(continued)*

Company pension costs in 1996 include a provision towards the cost of expected benefits for directors under the NV early retirement scheme for senior managers. In previous years this cost was recognised for each director only in the year prior to retirement.

The company pension scheme contributions in respect of Sir Michael Perry, then Chairman of PLC, in 1995 were £1 963 292. Sir Michael Perry was still subject to the former arrangement whereby directors were partly in the PLC and partly in the NV early retirement schemes for senior managers. In accordance with this arrangement, the contributions paid in 1995 included a provision for the total cost of Sir Michael Perry's expected benefits under the NV early retirement scheme for senior managers, to which he became entitled on retirement in 1996.

Under Dutch fiscal legislation tax is charged on the grant of NV options. NV lends the amount of the tax to the recipients of the options. Amounts are repaid when the options are exercised. At 31 December 1996 a total of Fl. 1.5 million was lent to directors.

No compensation for loss of office, payments for loss of office or other termination payments were paid to directors in 1996, nor were any such payments made in 1995.

Directors' interests: share options

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

The NV Employee Share Option Scheme was introduced in 1995 and is open to all employees who participate in the Unilever Save-As-You-Earn Scheme in the Netherlands. The PLC 1985 Sharesave Scheme is open to all employees who work a minimum number of hours in the United Kingdom. The North American Employee Stock Purchase Plan was also introduced in 1995 and is open to all employees in the United States and Canada.

Both the NV and PLC Executive Share Option Schemes are applicable to senior managers throughout the business. Currently some 250 executives worldwide participate in the schemes. Because directors are paid partly by NV and partly by PLC they participate in both schemes, but are subject to similar aggregate limits as apply to other employees. There is also a North American Executive Stock Option Plan which is applicable to senior managers in the United States and Canada.

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

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

The NV and PLC Executive Share Option Schemes have been reviewed. The intention is that from 1997 onwards they should, together with the North American Executive Stock Option Plan, operate as compatible components of an uniform, international arrangement that delivers rewards commensurate with company performance and tailored to individual achievement, potential and contribution.

For convenience and ease of presentation, the information on share options and notional options is presented together on the next page.

Unilever PLC

Further statutory information and other information

Emoluments and interests of directors (continued)

Directors' interests: share options (continued)

Options to acquire NV ordinary shares of Fl. 4 each and options and notional options to acquire PLC ordinary shares of 5p each were granted, exercised and held during 1996 as follows:

Name		1 January	Granted	Exercised	31 December	Weighted Average Exercise Price of Options at 31 December
NWA FitzGerald	(a)	88 273	10 575 ⁽¹⁾	0	98 848	1 149p
	(b)	1 999	0	0	1 999	893p
	(c)	4 738	1 733 ⁽²⁾	0	6 471	Fl. 208.93
M Tabaksblat	(b)	1 033	0	0	1 033	726p
	(c)	25 364	2 691 ⁽²⁾	0	28 055	Fl. 210.65
J I W Anderson	(a)	59 910	0	0	59 910	875p
	(b)	1 999	0	0	1 999	893p
	(c)	11 343	2 656 ⁽²⁾	0	13 999	Fl. 203.77
	(d)	0	6 ⁽³⁾	0	6	Fl. 275.00
RD Brown	(e)	24 588	0	0	24 588	796p
	(a)	69 175	3 576 ⁽¹⁾	0	72 751	1 046p
	(b)	2 066	310 ⁽⁴⁾	0	2 376	776p
	(c)	4 276	159 ⁽²⁾	0	4 435	Fl. 198.47
A Burgmans	(e)	19 845	0	0	19 845	907p
	(b)	2 959	0	1 926 ⁽⁵⁾	1 033	726p
	(c)	11 259	7 824 ⁽²⁾	4 559 ⁽⁶⁾	14 524	Fl. 216.90
	(d)	8	6 ⁽³⁾	0	14	Fl. 234.14
AC Butler	(a)	53 592	5 961 ⁽¹⁾	0	59 553	1 225p
	(b)	2 582	0	0	2 582	726p
	(c)	3 907	266 ⁽²⁾	0	4 173	Fl. 198.46
	(e)	16 868	0	0	16 868	907p
H Eggerstedt	(b)	1 999	0	0	1 999	893p
	(c)	21 960	0	0	21 960	Fl. 199.19
A S Ganguly	(a)	42 945	0	0	42 945	1 130p
	(b)	1 999	0	0	1 999	893p
	(c)	3 436	0	0	3 436	Fl. 195.32
CM Jemmett	(a)	114 686	0	0	114 686	776p
	(b)	1 999	0	0	1 999	893p
	(c)	4 403	0	0	4 403	Fl. 201.02
	(e)	3 624	0	0	3 624	1 018p
A Kemner	(b)	1 610	0	0	1 610	1 071p
	(c)	15 592	2 739 ⁽²⁾	2 633 ⁽⁷⁾	15 698	Fl. 204.50
	(d)	8	6 ⁽³⁾	0	14	Fl. 234.14
	(b)	1 033	0	0	1 033	726p
OOH Müller	(c)	19 871	0	0	19 871	Fl. 200.04
	(d)	8	6 ⁽³⁾	0	14	Fl. 234.14
	(b)	1 721	0	0	1 721	1 002p
	(c)	13 410	9 349 ⁽²⁾	7 861 ⁽⁸⁾	14 898	Fl. 221.50
RM Phillips	(d)	8	6 ⁽³⁾	0	14	Fl. 234.14
	(a)	78 092	6 390 ⁽¹⁾	0	84 482	1 193p
	(f)	17 950	0	0	17 950	US \$ 104.22
Sir Michael Perry	(a)	128 504	0	0	128 504 ⁽⁹⁾	914p
	(b)	2 337	0	0	2 337 ⁽⁹⁾	638p
	(c)	6 161	0	0	6 161 ⁽⁹⁾	Fl. 197.10
	(e)	55 358	0	0	55 358 ⁽⁹⁾	914p

(a) PLC 1985 Executive Share Option Schemes
 (b) PLC 1985 Sharesave Scheme
 (c) NV Executive Share Option Scheme

(d) NV Employee Share Option Scheme
 (e) PLC Notional Executive Share Option Scheme
 (f) North American Executive Stock Option Plan

See also notes on page 38.

Unilever PLC

Further statutory information and other information

Emoluments and interests of directors *(continued)***Directors' interests: share options** *(continued)*

All share options and notional options are exercisable at a range of dates between 1997 and 2006 (see note 18 on page 18). No options lapsed unexercised during the year. The market price of the ordinary shares at the end of the year was, for NV Fl. 305.60 and US \$ 175.25 and for PLC 1 417p and the range during the year was between Fl. 218.30 and Fl. 305.60 and US \$ 130.50 and US \$ 175.25, and 1 174p and 1 426p respectively. There were no share options or notional options for which the exercise price exceeded the market price of the shares as at 31 December 1996.

Any payments in respect of PLC notional share options are included under 'Performance related payments' in the table of Directors' emoluments on page 35.

Notes:

- (1) Exercise price: 1 233p.
- (2) Exercise price: Fl. 234.10.
- (3) Exercise price: Fl. 275.00.
- (4) Exercise price: 1 110p.
- (5) Exercise price: 584p; market price at date of exercise: 1 275p.
- (6) Exercise price: Fl. 185.00; market price at date of exercise: Fl. 233.00.
- (7) Exercise price: 811 at Fl. 185.00 and 1 822 at Fl. 187.20; market price at date of exercise: Fl. 230.50.
- (8) Exercise price: Fl. 187.20; market price at date of exercise: Fl. 229.62.
- (9) On retirement as a director on 31 August 1996.

The exercise of all options under the NV Executive Share Option Scheme and North American Executive Stock Option Plan have always been satisfied by the transfer of shares purchased in the market at the time of grant and held until exercise. The same practice has been adopted in respect of the PLC 1985 Sharesave and Executive Share Option Schemes for grants made from 1990 onwards and in respect of the NV Employee Share Option Scheme and the North American Employee Stock Purchase Plan from their inception during 1995. During 1996, 95 836, 1 860 000 and 413 165 shares were purchased in the market in respect of options granted under the NV, PLC and North American schemes respectively.

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

Unilever PLC

Further statutory information and other information

Emoluments and interests of directors *(continued)*

Directors' interests: share capital

The interests in the share capitals of NV and PLC and their group companies of those who were directors at the end of 1996 and of their families were as shown in the tables below:

	1 January	31 December
NV (ordinary shares)		
RM Phillips	1 800	1 800
PLC (ordinary shares)		
NWA FitzGerald	5 584	5 600
JIW Anderson	2 130	2 139
RD Brown	710	710
A Burgmans	–	1 926
AC Butler	3 000	3 000
H Eggerstedt	2 130	2 130
AS Ganguly	2 033	2 033
CM Jemmett	66 541	65 791
A Kemner	2 130	2 130
OOH Müller	410	410
J Peelen	480	–
Hindustan Lever Limited (ordinary shares)		
AS Ganguly	4 450	4 450
Brooke Bond Lipton India Limited (ordinary shares)		
AS Ganguly	1 504	1 504
Stepan Chemicals Limited (ordinary shares)		
AS Ganguly	50	50

The Register of Directors' Interests in the share capital of PLC and its subsidiaries will be open for inspection at the Annual General Meeting.

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

	1 January	31 December
All directors	14 343 232	13 256 358

The only changes in the interests of the directors and of their families in NV and PLC ordinary shares between 31 December 1996 and 2 March 1997 were that:

- (i) the holding of the Unilever Employee Share Trusts has reduced to 13 077 724 shares;
- (ii) Mr CM Jemmett sold 650 shares.

Unilever PLC

Further statutory information and other information

Capital and membership

At 31 December 1996 PLC had 96 186 ordinary shareholdings.

The following table analyses the registered holdings of PLC's 5p ordinary shares at 31 December 1996.

Number of shares	Number of holdings	%	Total shares held	%
1 – 1 000	62 642	65.13	30 261 079	3.71
1 001 – 2 500	20 562	21.38	33 650 517	4.13
2 501 – 5 000	7 378	7.67	26 306 992	3.23
5 001 – 10 000	2 778	2.89	19 551 683	2.40
10 001 – 25 000	1 291	1.34	19 819 241	2.43
25 001 – 50 000	484	0.50	17 349 698	2.13
50 001 – 100 000	361	0.38	25 817 776	3.17
100 001 – 1 000 000	570	0.59	177 442 817	21.77
Over 1 000 000	120	0.12	464 898 990	57.03
	96 186	100.00	815 098 793	100.00

Substantial interests in the share capital of PLC

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

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

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

Employee involvement and communication

In September 1996 a European Works Council Agreement was made between Unilever and representatives of employees from all the EU countries, including the United Kingdom, and with the addition of Switzerland. The Agreement was made under Article 13 of the European Works Council Directive and confirmed that the most effective communication and involvement takes place at the level of the operating company, site and office. The first Unilever European Works Council meeting will be in the Spring of 1997.

In addition, Unilever companies continued in 1996 to progress along the road to becoming learning organisations. Increasingly, external standards, measured by the requirements, for example, of the European and British Quality Awards and Investors in People, are being used to measure progress.

The directors' reports of the United Kingdom group companies contain more details about how they have communicated with their employees during 1996.

Equal opportunities and people with disabilities

Every Unilever company in the United Kingdom has an equal opportunities policy and action plans are reviewed annually and pursued within each company. In addition, resources are provided from Unilever's United Kingdom National Management to help companies develop best practice. During 1996 considerable attention was paid to the implications and implementation of the Disability Discrimination Act in the United Kingdom.

The directors' reports of these companies contain statements describing the positive approach of group companies to the employment, and continued employment, of people with disabilities.

Unilever PLC

Further statutory information and other information

Charitable and other contributions

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

Supplier payment policies

Individual operating companies are responsible for agreeing the terms and conditions under which business transactions with their suppliers are conducted. The directors' reports of United Kingdom operating companies give information about their supplier payment policies as required by the Companies Act amendments introduced during 1996. PLC, as a holding company, does not itself make any relevant payments in this respect.

Interests in land

The majority of Unilever's land and buildings are used for the productive and distributive activities of the Group and are not held for resale. The directors take the view that any difference between their market value and the amount at which they are included in the balance sheet is not of such significance as to require that attention be drawn to it, as would be required by Schedule 7 (Part 1) of the United Kingdom Companies Act 1985.

Auditors

A resolution will be proposed at the Annual General Meeting on 6 May 1997 for the reappointment of Coopers & Lybrand as auditors of PLC. The present appointment will end at the conclusion of the Annual General Meeting.

Corporate Centre

Unilever PLC
PO Box 68 Unilever House
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London EC4P 4BQ

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Port Sunlight
Wirral
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By Order of the Board

JWB Westerburgen
SG Williams

Joint Secretaries of Unilever PLC
10 March 1997

Unilever PLC Registrars

Lloyds Bank Registrars
54 Pershore Road South
Kings Norton
Birmingham B30 3EP

Unilever Group

Five year record

£ million	1992	1993	1994	1995	1996
Consolidated profit and loss account					
Turnover	24 700	27 863	29 666	31 516	33 522
Operating profit	2 129	1 944	2 526	2 526	2 874
Income from fixed investments	55	65	62	48	34
Non-operating exceptional items	—	88	14	—	—
Interest	(165)	(170)	(219)	(255)	(251)
Profit on ordinary activities before taxation	2 019	1 927	2 383	2 319	2 657
Profit on ordinary activities after taxation	1 333	1 347	1 621	1 538	1 691
Net profit	1 291	1 296	1 559	1 473	1 610
Combined earnings per share ^(a)					
Guilders per Fl. 4 of ordinary capital	14.29	12.90	15.52	13.26	15.00
Pence per 5p of ordinary capital	69.14	69.45	83.59	78.63	85.90
Ordinary dividends					
NV – Guilders per Fl. 4 of ordinary capital	5.78	5.88	6.19	6.19	6.98
PLC – Pence per 5p of ordinary capital	21.33	25.03	26.81	29.40	32.05
Consolidated balance sheet					
Fixed assets	7 354	7 852	8 348	8 856	8 067
Stocks	3 326	3 449	3 744	4 292	3 906
Debtors	3 887	4 257	4 566	4 724	4 577
Trade and other creditors	(5 874)	(6 123)	(6 373)	(6 699)	(6 291)
	8 693	9 435	10 285	11 173	10 259
Net debt ^(b)	1 596	1 730	1 763	1 890	1 693
Provisions for liabilities and charges	2 428	2 868	3 027	3 303	3 042
Minority interests	188	248	288	359	343
Capital and reserves	4 481	4 589	5 207	5 621	5 181
	8 693	9 435	10 285	11 173	10 259

(a) For the basis of the calculations of combined earnings per share see note 25 on page 21.

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

Unilever Group

Five year record

£ million	1992	1993	1994	1995	1996
Consolidated cash flow statement					
Cash flow from operating activities	2 705	2 855	3 271	3 238	3 816
Returns on investments and servicing of finance	(215)	(222)	(237)	(299)	(262)
Taxation	(576)	(532)	(832)	(660)	(716)
Capital expenditure and financial investment	(1 059)	(1 221)	(1 378)	(1 168)	(1 077)
Acquisitions and disposals	96	(569)	(408)	(625)	(868)
Dividends paid on ordinary share capital	(439)	(508)	(543)	(609)	(686)
Cash inflow/(outflow) before management of liquid resources and financing					
	512	(197)	(127)	(123)	207
Management of liquid resources	(269)	253	(284)	258	(293)
Financing	(158)	(34)	223	(77)	294
Increase/(decrease) in cash in the period					
	85	22	(188)	58	208
Key ratios ^(a)					
Return on shareholders' equity (%)	32.9	28.5	32.0	26.4	29.4
Return on capital employed (%)	17.2	15.5	16.9	14.2	15.2
Operating margin (%)	8.6	7.0	8.5	8.0	8.6
Net profit margin (%)	5.2	4.7	5.3	4.7	4.8
Net interest cover (times)	13.2	12.3	11.9	10.1	11.6
Net gearing (%)	25.5	26.3	24.3	24.0	23.5
Sterling/guilder exchange rates					
Annual average £1 = Fl.	3.10	2.79	2.78	2.53	2.62
Year-end £1 = Fl.	2.76	2.87	2.72	2.49	2.96

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

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

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

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

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

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

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

Unilever Group

Five year record

£ million	1992	1993	1994	1995	1996
By geographical area					
Turnover					
Europe	14 056	14 600	15 057	16 322	16 306
North America	4 862	5 710	5 944	5 928	6 998
Africa and Middle East	1 511	1 787	1 897	1 955	2 105
Asia and Pacific	2 359	3 397	3 912	4 320	4 807
Latin America	1 912	2 369	2 856	2 991	3 306
	24 700	27 863	29 666	31 516	33 522
Operating profit					
Europe	1 204	1 014	1 250	1 262	1 362
North America	386	247	505	438	621
Africa and Middle East	156	156	169	181	180
Asia and Pacific	192	311	335	376	394
Latin America	191	216	267	269	317
	2 129	1 944	2 526	2 526	2 874
Net operating assets ^(a)					
Europe	3 345	3 388	3 705	4 080	3 664
North America	2 409	2 135	2 081	2 036	2 066
Africa and Middle East	558	593	545	753	700
Asia and Pacific	608	808	1 063	1 155	1 110
Latin America	595	666	698	875	762
	7 515	7 590	8 092	8 899	8 302
By operation					
Turnover					
Foods	12 650	14 251	15 271	16 289	16 571
Detergents	5 836	6 469	6 496	6 859	7 797
Personal Products	3 242	4 018	4 384	4 535	5 308
Speciality Chemicals	1 962	2 340	2 584	2 844	2 950
Plantations, Plant Science & Trading Operations	1 010	785	931	989	896
	24 700	27 863	29 666	31 516	33 522
Operating profit					
Foods	1 089	1 007	1 206	1 097	1 172
Detergents	424	303	460	452	621
Personal Products	320	343	471	520	570
Speciality Chemicals	230	236	318	368	443
Plantations, Plant Science & Trading Operations	66	55	71	89	68
	2 129	1 944	2 526	2 526	2 874
Net operating assets ^(a)					
Foods	3 608	3 849	4 074	4 431	3 945
Detergents	1 694	1 509	1 433	1 542	1 548
Personal Products	849	758	823	923	881
Speciality Chemicals	1 251	1 330	1 500	1 666	1 640
Plantations, Plant Science & Trading Operations	113	144	262	337	288
	7 515	7 590	8 092	8 899	8 302
Capital expenditure					
Foods	532	665	713	638	600
Detergents	251	282	260	227	235
Personal Products	87	129	157	117	111
Speciality Chemicals	146	201	174	203	191
Plantations, Plant Science & Trading Operations	93	98	124	29	32
	1 109	1 375	1 428	1 214	1 169

(a) See note 1 on page 12.

Unilever Group

Additional information for United States investors

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

	£ million	
	1996	1995
Net profit as reported in the consolidated profit and loss account	1 610	1 473
US GAAP adjustments:		
Goodwill	(136)	(150)
Identifiable intangibles	(85)	(80)
Restructuring costs	(76)	222
Interest	6	21
Pensions	(2)	65
Taxation effect of above adjustments	50	(70)
Net increase/(decrease)	(243)	8
Approximate net income under US GAAP	1 367	1 481
Approximate combined net income per share under US GAAP		
Guilders per Fl. 4 of ordinary capital	12.72	13.34
Pence per 5p of ordinary capital	72.89	79.08
Capital and reserves as reported in the consolidated balance sheet	5 181	5 621
US GAAP adjustments:		
Goodwill	2 936	2 629
Identifiable intangibles	1 968	2 103
Restructuring costs	140	226
Interest	440	434
Pensions	171	217
Dividends	465	477
Taxation effect of above adjustments	(707)	(697)
Net increase	5 413	5 389
Approximate capital and reserves under US GAAP	10 594	11 010
Net gearing under US GAAP (%) ^(a)	13	14

(a) See note (a) on page 44.

Unilever Group

Additional information for United States investors

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

Goodwill and other intangibles

Unilever writes off goodwill and all other intangible assets arising on the acquisition of new interests in group companies and associated companies directly to profit retained in the year of acquisition. Under US GAAP, goodwill and identifiable intangibles, principally trademarks, are capitalised and amortised against income over their estimated useful lives, not exceeding 40 years.

Restructuring costs

Unilever charges all restructuring costs to the profit and loss account in the period in which the decision has been made to restructure a part of the Group's activities. Under US GAAP, certain types of restructuring costs are only recognised when further specific criteria are also met.

Interest

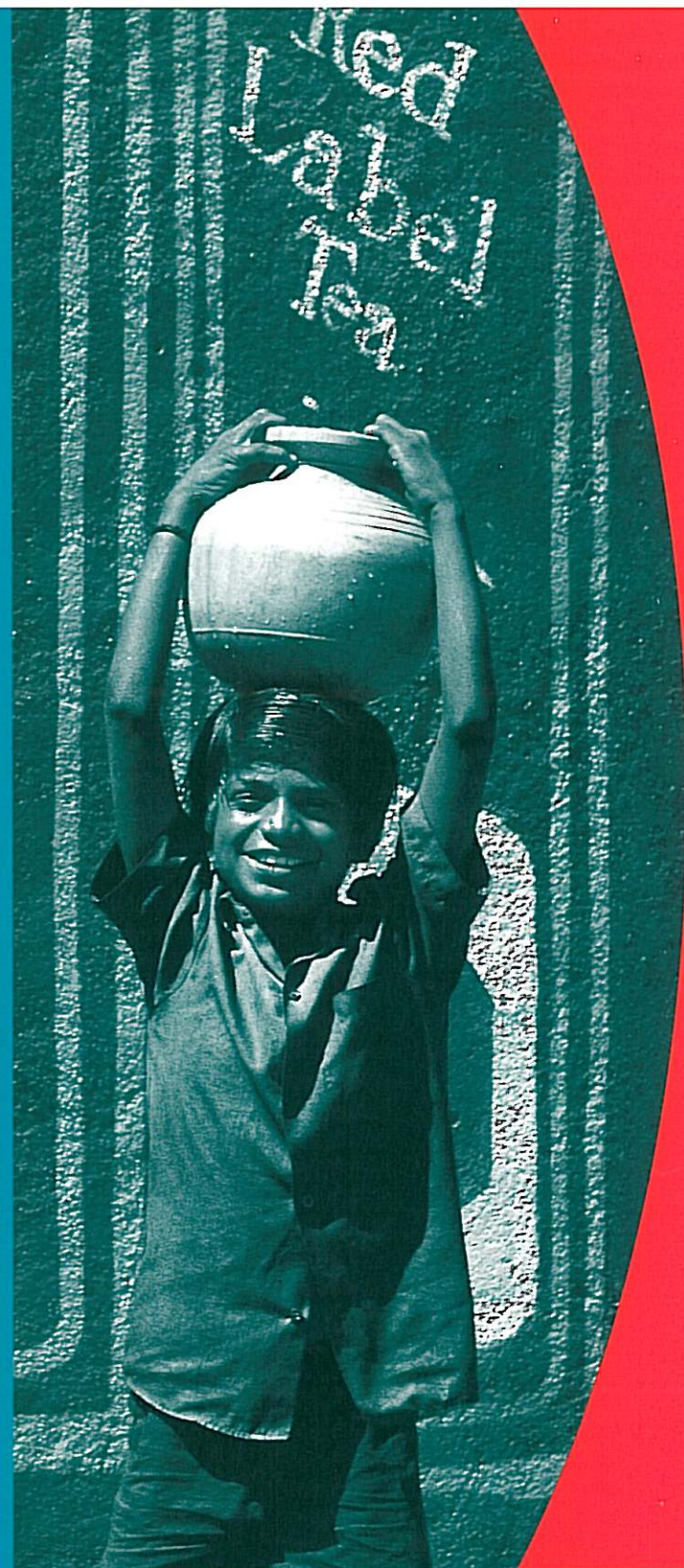
Unilever treats all interest costs as a charge to the profit and loss account in the current period. Under US GAAP interest incurred during the construction periods of tangible fixed assets is capitalised and depreciated over the life of the assets.

Pensions

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

Dividends

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



Produced by: Unilever Corporate Relations Department
Design: The Partners
Cover photography: Mike Abrahams & Barry Lewis
Typesetting: Mediaware, Eindhoven
Print: Westerham Press Limited, St Ives plc



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