

**LEVER BROTHERS & UNILEVER**

**ANNUAL REPORT**

**AND**

**STATEMENT OF ACCOUNTS**

**1948**

# LEVER BROTHERS & UNILEVER LIMITED

## DIRECTORS

SIR GEOFFREY HEYWORTH *Chairman*

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

M. G. DE BAAT

HAROLD HALL BAGNALL

JAMES P. VAN DEN BERGH

SIDNEY J. VAN DEN BERGH

CHARLES HUGH CLARKE

GEORGE JAMES COLE

W. A. FAURE

JOHN HENRY HANSARD

ARTHUR HARTOG

HAROLD HARTOG

JAMES LAURENCE HEYWORTH

ROGER HARDMAN HEYWORTH

RALPH ESTILL HUFFAM

RUDOLF G. JURGENS

FRANCIS DAVID MORRELL

ROWLAND HUNTLY MUIR

FRANK SAMUEL

A. E. J. SIMON THOMAS

ARTHUR HENRY SMITH

F. J. TEMPEL

## ADVISORY DIRECTORS

HORATIO BALLANTYNE

THE MARQUESS OF CARISBROOKE

LUKE V. FILDES

## SECRETARY

HUGH SAUNDERS

## AUDITORS

COOPER BROTHERS & CO.

PRICE, WATERHOUSE & CO.

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

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

*They are referred to jointly as "The Parent Companies".*

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## SALIENT POINTS

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

*Figures relating to the year 1947 are given in brackets.*

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**CAPITAL EMPLOYED** at 31st December, 1948, was £232,489,945 (£212,098,071).

**TURNOVER** was £617,508,000 (£479,312,000).

**CONSOLIDATED PROFIT BEFORE TAXATION** was £25,558,441 (£26,320,964) after setting aside :—

**DEPRECIATION** £4,179,413 (£3,372,966).

**FIXED ASSETS REPLACEMENT RESERVES** £4,071,757 (£3,636,891).

**STOCK RESERVES** £4,135,732 (£4,170,366).

**CONSOLIDATED NET PROFIT** accruing to the Parent Companies' shareholders was £10,458,709 (£8,512,144) after taxation of £14,096,226 (£16,772,576).

**ORDINARY SHAREHOLDERS' FUNDS** have increased by £12,389,720 to £120,716,602, due to retention of profits and increases in reserves.

**PROFIT ACCRUING TO THE ORDINARY SHAREHOLDERS** on these funds was £6,984,674 or 5·8% (£5,114,256 or 4·7%).

**ORDINARY DIVIDENDS** proposed—LIMITED 10% (10%) ; N.V. 8·9% (8·9%)—absorb £2,188,329 or 1·8% on these funds (£2,188,329 or 2·0%).

# REPORT OF THE DIRECTORS

The Directors submit their Report and the Accounts for the year 1948 which, as hitherto, deal with the operations and results of both LIMITED and N.V. In the Balance Sheets, the Ordinary Capital and Reserves have been grouped to show the funds of the Ordinary shareholders as it is to these funds that the Ordinary dividends should be related.

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

## DIRECTORS

On the 27th May 1949, Viscount Leverhulme died at Minneapolis while travelling through the United States on his way back from visiting some of our companies in Australia, New Zealand and the Far East. His colleagues desire to express their deep regret and to place on record their great appreciation of his life spent in the service of his fellow men and of the companies, of his unflagging devotion to duty and of his deep interest in the welfare and well-being of all in the service of the companies and their associates.

The Directors have also to record with deep regret the death of Dr. I. L. Polak, who had been an Advisory Director since the end of 1946 following his retirement from the Board. In him your Directors have lost a wise counsellor and friend whose outstanding services to the companies will long be remembered.

Since the last Annual General Meeting Messrs. G. J. Cole, W. A. Faure, H. Hartog, F. D. Morrell and A. H. Smith have joined the Board of Directors.

All the Directors retire in accordance with Article 83 of the Articles of Association and, being eligible, offer themselves for re-election.

## RESULTS

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

Out of the profits, reserves for replacement of fixed assets have again been made amounting to LIMITED £2,650,000 (£2,000,000), N.V. Fl. 15,200,000 (Fl. 17,500,000) in addition to the normal provisions for depreciation which, in view of the increase in prices that has taken place throughout the world, are insufficient. The figures for 1948 differ from those for 1947 principally because we are now able to make more comprehensive calculations. Further reserves amounting to LIMITED £2,265,000 (£3,235,000), N.V. Fl. 20,000,000 (Fl. 10,000,000) have also been set aside against stock values. These reserves, as will be seen from the statement of Capital and Revenue Reserves, have been built up to the following amounts at 31st December, 1948 :—

	LIMITED	N.V.	COMBINED
	£	Fl.	£
Fixed Assets Replacement ...	7,015,507	32,127,171	10,020,574
Stock ... ..	6,500,000	36,000,000	9,867,318

Provided there are no further increases in building and plant costs, the annual charge against profits for fixed assets replacement will diminish in future years as replacement is carried out and the normal provision

## **REPORT—continued**

for depreciation consequently increases. A charge will probably continue to be necessary for many years. Future allocations to or withdrawals from stock reserves will depend on the trend of raw material and merchandise prices.

Details of the proposed appropriations are set out on Statement C from which it will be seen that the Directors propose to appropriate £1,500,000 (£1,500,000) to the General Reserve of LIMITED and to distribute a dividend of 10% (10%) on the Ordinary Stock of LIMITED and a dividend of 8.9% (8.9%) on the Ordinary Capital of N.V. Together these proposed dividends represent 1.8% (2.0%) on the total funds of the Ordinary shareholders. They are equivalent in value under the terms of the Equalisation Agreement, and, if approved, will be payable on the 19th August 1949. After the proposed appropriations, the profit carried forward is increased by £344,442 (£109,897) in LIMITED and by Fl. 810,249 (Fl. 2,316,766) in N.V.

Results achieved in the current year to date are satisfactory except in the United States where there has been a heavy fall in prices of oils and fats.

## **INTERESTS NOT CONSOLIDATED**

### **Germany and Austria**

Contrary to expectation, it has again proved impossible to consolidate the accounts of our German interests. We have more information about them than a year ago,\*but the principal difficulty has been the delay in the issue of regulations for the drawing up of balance sheets following the currency reform in June 1948.

At the end of 1948 the protracted negotiations for the return of our investment in the "Nordsee" Deutsche Hochseefischerei A.G., to which reference was made in our Report for 1946, were completed and we have recovered nearly the whole of our pre-war holding.

Our principal plant in Austria is still under Russian administration and owing to lack of reliable information it was decided not to consolidate the accounts of our subsidiaries in that country.

The profits earned in Germany in 1948 exceed the losses incurred in 1946 and 1947, thus releasing the provision of Fl. 1,457,500 made in 1946; the Austrian business continues to make profits. In view of this and of the recovery made in Germany and Austria in 1948, we are satisfied that on the basis of the current values of our fixed assets in those countries, and after making full provision for war losses, for probable taxation and other liabilities, the book value of the German and Austrian interests is fully covered.

The Directors are of opinion that no part of N.V.'s reserves need be applied against the amounts invested in Germany and Austria at 31st December 1948.

### **Czechoslovakia, Yugoslavia, Roumania, Poland, Hungary and China**

No final settlements have been reached on the compensation to be paid for our businesses in Czechoslovakia, Yugoslavia, Roumania and Poland which have been nationalised. Negotiations for the sale of our interests in Hungary began in 1949.

The position in China is too uncertain to justify consolidation.

The Directors are not yet able to say whether losses will be incurred on the investments in these countries, but N.V.'s reserves greatly exceed their book values.

## REVIEW OF OPERATIONS

### General

Oils and fats were in greater supply ; consequently there was a general increase in the volume of our sales of edible fat products and soaps.

As a result of the slackening of inflationary pressure and increase in the availability of many scarce goods, a buyers' market tended to develop in some countries towards the end of the year in certain types of product, more notably toilet preparations and some of our more expensive products, such as frozen foods.

Thanks largely to Marshall aid, the economic conditions of Europe have greatly improved and our businesses in Western Europe have made marked advances, in particular in Western Germany where the currency reform was followed by a striking improvement.

The general tendency in most other parts of the world towards more settled conditions has been reflected in your companies' businesses. In most countries where we operate our trade has developed on satisfactory lines. There are, however, areas, particularly in the Far East, where political unrest makes a return to normal trading conditions impossible. Of these, China has presented the greatest difficulty, and our management there has been hard put to it to maintain our assets.

Towards the end of the year conditions in the United States became less favourable to our important soap and edible fat businesses.

The shortage of liquid resources in industry caused by the increase in post-war prices was apparent at the end of 1947 and continued throughout 1948. By making special reserves to cover the replacement of fixed assets we have gone some way towards reducing the burden which will have to be borne when our productive facilities become due for renewal. There is little doubt that our resources for some time ahead will largely be needed to maintain our existing businesses.

To cover the increase in the volume of our trade and the acquisition of a number of new interests and at the same time to enable us to improve efficiency by modernisation of plant and increased mechanisation, additional capital has been raised by the issue of notes. In accordance with arrangements made in 1948 our Canadian company made a private issue in January 1949 of \$5,000,000

3% notes primarily to finance the building of a new factory which will be in operation before the end of this year. In June 1948, our company in the Philippines took up a loan of Pesos 4,000,000. In December 1948, Lever Brothers Company in the United States made a private issue of \$30,000,000 3½% notes to finance the considerable development programme on which they are engaged. In February 1949, N.V. made a public issue in Holland of Fl. 75,000,000 3½% convertible 25-year notes, and in May 1949 a Swedish subsidiary issued Sw. Kr. 4,000,000 4% notes.

Transfer of funds from one country to another continues to be controlled almost everywhere, but there was a tendency in 1948 for these controls to be eased, a favourable development to which the European Recovery Programme has, without doubt, contributed materially. Each step, however small, towards general convertibility of currencies is of importance to your companies on account of their widespread international interests.

In many countries the execution of capital expenditure programmes presented a formidable problem because of local building priorities, shortages of materials and delayed delivery of machinery, but in recent months there have been signs of an easing of the situation. An additional difficulty in planning for capital expenditure is that a project which appears to promise an adequate return at the time it is planned may appear uneconomic at the time it can be executed because of unforeseen increases in construction costs. We have therefore to keep our development plans constantly under review.

### Raw Materials

#### Oils and Fats

During 1948 supplies became more plentiful, it being estimated that world production of oils and fats, including butter, increased during 1948 by about a million tons to somewhat less than twenty million tons. On a *per capita* basis, however, supplies are still below the level of 1938.

In spite of the increase in raw material supplies, the extent to which the need for oils and fats was satisfied in the various countries was by no means uniform. This was due to a number of factors, not least among them the inability of certain countries to find sufficient foreign currency. The *per capita*

## REPORT—continued

consumption in the United States was very little different from that of pre-war, being only 3% less, whereas in Western Europe as a whole the consumption was 30% lower. The pattern in Europe is not uniform as is illustrated by the fact that the consumption in the United Kingdom, Holland and Western Germany was respectively 17%, 23% and 73% lower than in 1938.

Towards the end of 1948 the prices of oils and fats in the United States of America were much lower than the corresponding prices in soft currency sources of supply. This was because the supplies of oils and fats in the United States have been sufficient to fill all their own requirements, and exports from the United States were controlled. Since February 1949 exports have been freely permitted, but the market has so far not been greatly affected because of Europe's lack of the necessary dollars to make extensive purchases. Because of this and the shortage of supplies from sources outside the dollar area two separate markets have come into being with very different price levels.

### *Synthetic Materials*

Basic raw materials for the manufacture of the so-called synthetic detergents became more freely available in the United States, Canada and the United Kingdom, where they helped to augment production of detergents.

### *Alkalis*

At the start of the year there was a serious shortage of the alkalis essential for use in the manufacture of soap and soap products and at one time there was a danger that we would not have enough to meet the needs of our factories throughout the world. However, as the year wore on greater quantities became available in the United Kingdom, and we were able to obtain sufficient to meet our world requirements.

### *Packing Materials*

A further factor which has helped our businesses, catering as they do for the consuming public, has been the increase in the amount of packing materials available not only in Europe but also in territories overseas. This has enabled us to increase our output of a number of products and to improve the presentation of others.

### **Sales Turnover**

The table below summarises territorially the comparative value of our sales other than those of

the United Africa Group, which are given on page 11.

	1948	1947
	£	£
1. Western Europe (excluding Germany and Austria) ... ..	319,672,000	260,462,000
2. North & South America	115,749,000	89,771,000
3. Africa, the Middle East and Australasia ...	21,354,000	14,136,000
4. The Orient (excluding China) ... ..	34,641,000	23,446,000

### **Edible Fat Products and Detergents**

The year started with controls of some kind operating in nearly every country. As it progressed there was a tendency towards greater freedom, and this tendency is still continuing. In some countries rationing has been eliminated, and in others modified. The table on page 10 shows the extent of government controls in the principal countries of the world in the middle of June 1949. The return to more competitive conditions of trade has been a stimulant to our marketing organisations, and we have overhauled our machinery for selling, advertising and distribution. The improvement in the supply position and the relaxation of rationing made it possible for us to restore many of our products to their former standard of quality. During the year we have been able to bring back a number of pre-war products and to strengthen the position of others which were re-introduced during 1947. In the field of synthetic detergents, BREEZE, which was launched in the United States in 1947, was distributed over a wider area and a new product SURF was launched. The sale of SURF has recently been extended to Canada. In the United Kingdom we introduced two synthetic detergents, WISK and QUIX. Both were well received and have become established on the market. We are considering the manufacture and marketing of similar products in certain other countries.

The purchase of the John F. Jelke Company of Chicago by Lever Brothers Company, U.S.A., marked our entry into the margarine business in the United States.

### **Toilet Preparations**

The toilet preparations industry underwent a marked change in the course of 1948. The increase in supplies coincided with a more cautious attitude on the part of the consumer and put an end to the sellers' market which had prevailed in certain



REPORT—continued

GOVERNMENT CONTROL IN THE MARGARINE AND SOAP TRADES

This table records some of the controls on the Margarine and Soap industries in different parts of the world in the middle of June, 1949, either in direct form or indirectly by restraints on suppliers or distributors. Systems of control vary considerably, so a broad view has necessarily been taken in deciding whether in a particular instance these industries are "controlled" or "free." In the case of raw material supplies, for example, government control is defined as implying some form of central allocation to industry, rather than just import-export control by licence or quota, while the word "partially" has been employed in cases where only certain of the raw materials or finished products concerned are controlled.

COUNTRY	RAW MATERIALS	FINISHED PRODUCTS			
	OILS AND FATS SUPPLIES	MARGARINE		SOAP	
		CONSUMER SALES	SELLING PRICE	CONSUMER SALES	SELLING PRICE
Argentina ... ..	Partially controlled	Free	Free	Free	Free
Australia ... ..	Free	†	†	Free	Controlled
Austria ... ..	Controlled	Rationed	Controlled	Partially rationed	Controlled
Belgium ... ..	Partially controlled	Free	Controlled	Free	Free
Brazil ... ..	Free	Free	Free	Free	Free
Canada ... ..	Free	Free	Free	Free	Free
Ceylon ... ..	Free	*	*	Free	Free
Denmark ... ..	Controlled	Rationed	Free	Rationed	Free
Eire ... ..	Partially controlled	Rationed	Controlled	Free	Controlled
Finland ... ..	Controlled	Rationed	Controlled	Free	Free
France ... ..	Controlled	Free	Controlled	Free	Partially controlled
Germany-Western ...	Controlled	Rationed	Controlled	Partially rationed	Partially controlled
India ... ..	Free	Free §	Controlled §	Free	Free
Indonesia ... ..	Partially controlled	Free	Controlled	Free	Controlled
Italy ... ..	Free	*	*	Free	Free
Netherlands ... ..	Controlled	Free	Controlled	Free	Controlled
New Zealand ... ..	Free	†	†	Free	Controlled
Norway ... ..	Controlled	Rationed	Controlled	Free	Controlled
Pakistan ... ..	Free	Free §	Controlled §	Free	Free
Sweden ... ..	Controlled	Free	Controlled	Free	Controlled
Switzerland ... ..	Free	Free	Controlled	Free	Controlled
Thailand ... ..	Free	*	*	Free	Free
Union of South Africa ...	Partially controlled	‡	Controlled	Free	Controlled
United Kingdom... ..	Controlled	Rationed	Controlled	Rationed	Controlled
U.S.A. ... ..	Free	Free	Free	Free	Free

NOTES : \* Not applicable, trade small.

‡ Limited production for sale to low-income groups.

† Sale for table use limited in Australia, virtually prohibited in New Zealand.

§ Vegetable ghee.

## **REPORT—continued**

countries since the war. Even so, our sales of toilet preparations were about 7% greater than in 1947. We acquired two new businesses in the United States, a Home Permanent Wave business and a Shampoo Cream business, whose products are being offered to the public under the name RAYVE, and in the United Kingdom the PIN-UP Home Permanent Wave business.

The sales of the American beauty preparation business of Harriet Hubbard Ayer have increased.

### **Foods**

Our food businesses have had a good year and there has been an increase in turnover in most of the fields in which we operate. Our principal operating companies in the United Kingdom are Batchelors in the canning industry, Mac Fisheries in the retail and wholesale fish trade, and Wall's the manufacturers of ice-cream and meat products.

On the Continent our interests are less extensive. Outstanding among them is the meat business of Hartog's, Holland.

Our American company, Thomas J. Lipton, of Hoboken, has continued to develop its business in tea and soups.

The quick freezing industry was adversely affected in most countries by the freer availability of fresh and canned foods and trading was difficult everywhere.

### **Animal Feeding Stuffs**

Once again increased supplies of raw materials have enabled us to increase the turnover of our trade in animal feeding stuffs. Our business is, however, still handicapped in many countries by shortage of raw materials.

### **Export**

Export markets generally were still short of soap and edible fat products. Towards the end of the year, however, there was evidence that soap supplies were drawing level with demand. Toilet preparations were difficult to sell, and import restrictions were imposed in a number of important markets. The release of limited supplies of raw materials for export from the United Kingdom and the Netherlands enabled us to re-establish contact with a number of markets where we hope to develop valuable connections in the future.

Our organisations both in the United Kingdom and the Netherlands have continued to support to

the full the export drive, and the exports from the United Kingdom including those effected by the United Africa Group, reached a total of £19,957,000 compared with £13,815,000 in 1947, and those from the Netherlands £7,671,000 compared with £3,622,000 in 1947. In addition the dividends from our interests abroad have made a further contribution to the foreign exchange resources of the United Kingdom and the Netherlands.

### **The United Africa Group**

The general economic conditions in all the territories in which the Group carries on business were exceptionally favourable, thus creating a background for a substantial increase in activity all round. Total turnover for the year was £126,092,000 compared with £91,497,000 in 1947.

In West and Central Africa the subsidiary companies of the Group are established in the British, Belgian, French, Portuguese and Spanish territories. Throughout this area there was a large increase in production of the four principal export crops, groundnuts, palm oil, palm kernels and cocoa, the cocoa crop being exceptional. We estimate that the value of these crops increased from £59,000,000 in 1947 to £95,200,000 in 1948.

The Group maintained its proportionate share in the purchase of produce as agents for the Marketing Boards of the British territories, and the Groupements in the French territories. The weight of all crops so handled for export amounted to approximately 900,000 tons.

The provision of merchandise suitable for the differing markets became gradually less difficult than in any year since the war, though there remain a number of goods seriously in short supply. Our total turnover of merchandise increased from £49,986,000 in 1947 to £64,716,000. Competition is developing to its pre-war intensity.

The policy of introducing a high measure of specialisation in merchanting was carried further during the year. In Nigeria a new subsidiary company, U.A.C. (Technical) Limited, was created, which took over and will develop the specialised marketing of technical supplies. It carries a staff of technical engineers qualified to advise on a wide range of engineering and other technical products.

The Kingsway Stores in Lagos have been modernised by the completion of a new departmental store towards the end of the year. It contains some 40,000 square feet of selling space and is fitted and

## REPORT—continued

stocked to the highest European standards. The need for an improved service of this kind has been demonstrated by the large trade which was done from the moment of its opening.

Substantial damage was sustained during the riots in the Gold Coast at the end of February 1948. The risk of loss arising from riot and civil commotion was covered by insurance, and the total claim of £680,000 has been met by the underwriters.

The ocean fleet, totalling 15 vessels of a dead-weight tonnage of 127,218 was fully employed throughout the year, and the imports and exports handled by the fleet and by vessels chartered by the Group amounted to 1,094,000 tons. There was a tendency for operating costs to increase throughout the year without corresponding freight increases to offset them.

The Plantation companies have had a good year. The acreages now under cultivation are :—

	<i>Planted up to end 1947</i>	<i>Planted during 1948 (excluding replantings)</i>	<i>Total</i>
Oil Palms ...	103,219	—	103,219
Rubber ...	16,411	4,701	21,112
Bananas ...	1,195	—	1,195
Cocoa ...	316	2,627	2,943

Production of timber from the concessions in Nigeria continued at a high rate. Saw-milling, however, was restricted pending the completion of the new mill, which it is hoped will come into operation by the end of 1949. The total volume of timber extracted from the forests was 130,000 tons, and the production of lumber and veneers amounted respectively to 896,000 and 406,000 cubic feet. Manufacture of plywood only started towards the latter part of the year and is now proceeding satisfactorily. The plant is at present producing at approximately 60% of its rated capacity of 600,000 cubic feet per annum. It is hoped to work up to full production during the course of the present year. Work in connection with the development of our timber concessions in the Gold Coast has continued.

The Managing Agency of the East African Groundnut Scheme, which the United Africa Company

agreed to undertake without remuneration until the Government had set up its own organisation, ended on the 1st April, 1948, although the Overseas Food Corporation had use of accommodation and services in Unilever House up to October 1948, when they acquired their own premises. At the end of the year all but one of the key personnel lent by the Company to the scheme had returned to our service.

## Research

Recruitment of qualified research staff became easier during 1948, and it was possible to strengthen the research departments which have been short of trained personnel since the war.

Much of the time of the departments has been devoted to the study of maintaining and improving the quality of our products. The scope of our research effort has been extended to cover various new products and to meet the different needs of newly acquired businesses. We are still handicapped in the development stage which follows the initial invention because of the difficulty of acquiring and constructing special plant. To some extent, however, this difficulty has been mitigated by our having research organisations in Great Britain, the Netherlands and the United States. During the year we have brought to fruition an important invention providing a method of increasing the whiteness to be imparted to fabrics during the process of washing.

We have intensified our research dealing with problems in tropical countries. For instance, in the Congo we are devoting more time to the study of the yield of the oil palm and of the diseases to which it is subject.

Field work at our food research establishment at Colworth House, Bedfordshire, was begun during 1948. In the main the work was preliminary, but it has already shown us a number of ways in which varieties of vegetables and fruit can be made more suitable for processing, and crop waste eliminated. We are proceeding with the construction of the laboratories, which should be completed during 1949. This will enable the other stages of research to be carried out.

## PERSONNEL

Membership of the Pension and Provident Funds again increased; approximately 1,800 members were added and at the end of 1948 the total was 49,100. The capital accumulated in the Funds now amounts to £28,659,000 which, except for £1,861,000, is invested outside the organisation. In certain countries our employees are covered by pension schemes effected through Insurance Companies. Altogether there are 9,400 so covered, thus making a total of 58,500 employees in our various schemes.

**REPORT—continued**

The funds and schemes referred to are supplementary to the State schemes in operation in many countries throughout the world.

Following upon the introduction of the new State industrial insurance scheme in the United Kingdom in 1948, we revised and extended our schemes for providing additional benefits, over and above those provided under the State schemes, for our employees suffering from sickness or industrial injury.

During the year the medical department continued to develop its services to the Concern as a whole ; in particular we have decided upon a number of improvements in the medical services provided for our staffs in British West Africa.

The various training schemes have continued to operate with benefit to the business.

**MEMBERSHIP**

At 31st December, 1948, the number of stockholders in LIMITED was 193,449, with an average holding of a little over £360. Almost the whole of the share capital of N.V. is in bearer form and the number of shareholders in that Company cannot be ascertained.

**AUDITORS**

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

By order of the Board,

H. SAUNDERS,

*Secretary.*

## STATEMENT A

Figures shown in italics represent deductions

## CONSOLIDATED

## LEVER BROTHERS &amp; UNILEVER LIMITED AND LEVER

The combined figures are shown as a guide, and no more, to the financial position of both Groups and

31st December 1947			31st December 1948		
LIMITED	N.V.	COMBINED	LIMITED	N.V.	COMBINED
£	Fl.	£	£	Fl.	£
56,287,175	212,896,000	76,200,747	56,293,751	213,136,000	76,229,772
13,694,008	169,600,000	27,827,341	13,694,008	169,600,000	27,827,341
13,259,121	143,249,959	1,742,721	—	—	1,742,721
33,410,290	94,769,750	26,658,238	16,752,842	157,877,515	31,520,171
9,800,000	254,980	42,274,732	39,708,832	123,133,995	51,226,369
		9,823,850	8,400,000	—	8,400,000
70,163,419	407,874,689	108,326,882	78,555,682	450,611,510	120,716,602
13,016,110	44,394,874	17,168,656	13,078,567	45,248,692	17,310,977
151,493	109,585,878	10,401,786	151,493	193,305,051	18,232,594
11,514,957	123,237,297	—	11,100,693	118,808,388	—
128,103,240	897,988,738	212,098,071	136,978,800	1,021,109,641	232,489,945
40,541,159	279,451,529	66,680,110	40,085,592	288,269,315	67,049,329
49,620,665	352,739,451	82,614,721	56,897,508	399,028,094	94,221,247
24,308,487	165,325,058	39,772,434	25,735,849	179,806,867	42,554,375
65,853,337	466,865,922	109,522,397	71,247,251	507,490,542	118,716,201
10,000	155,540,624	14,558,744	33,635	155,677,339	14,595,167
3,829,528	13,074,301	5,052,455	3,831,223	13,044,383	5,051,351
69,692,865	635,480,847	129,133,596	75,112,109	676,212,264	138,362,719
54,516,400	325,656,668	84,977,224	58,840,360	412,431,648	97,417,822
32,426,018	132,792,085	44,846,941	42,557,917	146,116,748	56,225,183
126,723	5,920,189	680,477	116,343	1,547,094	261,053
5,650,000	187,627	5,667,550	300,000	42,764	304,000
—	107,695,579	10,073,480	—	91,250,473	8,535,261
10,854,554	51,490,938	15,670,842	9,729,913	57,523,748	15,110,490
103,573,695	623,743,086	161,916,514	111,544,533	708,912,475	177,853,809
21,841,082	167,314,872	37,491,150	25,169,878	189,093,259	42,857,022
8,993,881	36,849,860	12,440,692	8,573,803	45,127,838	12,794,908
8,495,196	128,553,026	20,519,611	11,795,981	104,976,386	21,615,117
1,799,456	3,330,018	2,110,935	1,603,969	1,984,512	1,789,593
1,800,000	2,350,000	2,019,811	300,000	—	300,000
2,233,705	22,837,419	4,369,840	2,234,211	22,833,103	4,369,943
45,163,320	361,235,195	78,952,039	49,677,842	364,015,098	83,726,583
58,410,375	262,507,891	82,964,475	61,866,691	344,897,377	94,127,226
128,103,240	897,988,738	212,098,071	136,978,800	1,021,109,641	232,489,945

# BALANCE SHEETS

# STATEMENT A

## BROTHERS & UNILEVER N.V. AND THEIR SUBSIDIARIES

*Figures shown in italics represent deductions*

*when considering them the existence of restrictions on transfers of currencies must be borne in mind.*

### NOTES

- (I) Fl. 240,000 of internally held 4% Redeemable Cumulative Preference Capital of N.V. was sold during the year.
- (II) (a) The difference in exchange arises on the conversion of N.V. Ordinary Capital at £1—Fl. 12 in accordance with the terms of the Equalisation Agreement.  
 (b) and (c) Details are given on Statement E. The reserves of the N.V. Group are subject to any losses that may arise on interests in subsidiaries not consolidated referred to under (VIII) (i) below.  
 (d) This covers future United Kingdom taxation on all profits to date subject to future assessment, except the additional profits tax payable in the event of a subsequent distribution of retained profits of companies in the United Kingdom.
- (III) Outside shareholders' interests in subsidiaries are—
- |                                      | LIMITED<br>£      | N.V.<br>Fl.       | Combined<br>£     |
|--------------------------------------|-------------------|-------------------|-------------------|
| Preferential Capital ... ..          | 12,557,908        | 38,030,816        | 16,115,182        |
| Ordinary Capital and Reserves ... .. | 520,659           | 7,217,876         | 1,195,795         |
|                                      | <u>13,078,567</u> | <u>45,248,692</u> | <u>17,310,977</u> |
- (IV) The increase mainly arises from the issue of long term loans of \$30,000,000 in the United States of America and of Pesos 4,000,000 in the Philippines.  
 Long term liabilities are secured to the extent of LIMITED £151,493, N.V. Fl. 684,431, Combined £215,512.
- (V) This is the net balance of several accounts and incorporates loans of £11,500,000—Fl. 122,946,500 by the LIMITED Group to the N.V. Group which are secured on shares of subsidiaries of N.V.
- (VI) Goodwill included amounts to LIMITED £5,288,372, N.V. Fl. 29,540,011, Combined £8,051,445.
- (VII) Details are given on Statement D.
- (VIII) These comprise interests in—
- (i) Germany, Austria, Czechoslovakia, Yugoslavia, Roumania, Poland, Hungary and China which have not been consolidated for the reasons stated in the Directors' Report.
- (ii) Two wholly owned subsidiaries, Unilever Savings Bank Limited and Unilever Beleggingsbank N.V., which are both employees' savings banks. As their business is so different from that of other subsidiaries within the Groups, the Directors are of the opinion that it would be misleading to consolidate them. Their assets amount to LIMITED £790,586, N.V. Fl. 1,652,454, and liabilities to depositors LIMITED £773,839, N.V. Fl. 1,721,480. The English Company earned a profit of £846 in 1948 and had accumulated Revenue Reserves of £6,747 at 31st December 1948. The Dutch Company lost Fl. 11,350 in 1948 and had accumulated losses of Fl. 70,026. Provision for these losses has been made by the N.V. Group under guarantee to the depositors.
- (iii) A newly acquired African subsidiary of LIMITED for which no accounts are available.
- (IX) At net book value at 31st December 1947, with additions at cost, less in the case of LIMITED £10,488 written off during the year.
- (X) (a) Stocks, other than by-products, have been valued at cost except where a loss on sale of the end-products is anticipated when provision has been made to cover the estimated loss. By-products have been valued at, or below, market prices.  
 (c) Market value LIMITED £117,958, N.V. Fl. 1,551,620, Combined £263,091.
- (XI) (b) In N.V. these are secured to the extent of Fl. 4,496,558.  
 (c) In LIMITED the provision for taxation includes the United Kingdom profits tax liability on the profits of 1948 and the proposed distributions and the balance of United Kingdom income tax for the 1948/49 assessments. In N.V. it covers taxation and contingencies.  
 (d) The net decrease of £321,342 is made up of £496,609 charged against the balance at 31st December 1947, in respect of repairs executed in 1948, less further provisions of £175,267.  
 (e) Of the provision in LIMITED at 31st December 1947 £1,480,439 was used to absorb losses arising from devaluation of the French franc and £19,561 was transferred to General reserve. The balance of £300,000 has been retained for exchange contingencies.

### General

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

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

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

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

Combined figures—at the rate of £1—Fl. 10·691.

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

The estimated commitments for capital expenditure at 31st December 1948 were approximately—

LIMITED £5,750,000, N.V. Fl. 26,500,000, Combined £8,250,000.

STATEMENT B

Figures shown in italics represent deductions

CONSOLIDATED PROFIT

LEVER BROTHERS & UNILEVER LIMITED AND LEVER

The combined figures are shown as a guide, and no more, to the trend of results of both Groups and

1947				1948		
LIMITED	N.V.	COMBINED		LIMITED	N.V.	COMBINED
£	Fl.	£		£	Fl.	£
25,587,254	150,934,740	39,705,180	(I) Trading profit, subject to—	26,355,968	130,973,988	38,606,833
<i>1,916,455</i>	<i>15,571,560</i>	<i>3,372,966</i>	(a) Provision for depreciation ... ..	<i>2,457,483</i>	<i>18,409,154</i>	<i>4,179,413</i>
<i>2,000,000</i>	<i>17,500,000</i>	<i>3,636,891</i>	(b) Reserve for replacement of fixed assets ...	<i>2,650,000</i>	<i>15,200,000</i>	<i>4,071,757</i>
<i>7,583</i>	<i>2,753,378</i>	<i>265,125</i>	(c) Interest on long term liabilities ... ..	<i>7,591</i>	<i>3,025,904</i>	<i>290,624</i>
<i>159,866</i>	<i>402,354</i>	<i>197,501</i>	(d) Emoluments of Directors ... ..	<i>149,940</i>	<i>537,716</i>	<i>200,236</i>
<i>33,125</i>	<i>117,323</i>	<i>44,099</i>	(e) Pensions to former Directors ... ..	<i>52,499</i>	<i>87,035</i>	<i>60,640</i>
21,470,225	114,590,125	32,188,598	(II) Income from Trade Investments ... ..	21,038,455	93,714,179	29,804,163
<i>583,097</i>	<i>491,024</i>	<i>629,026</i>	(III) Reserve for Stocks ... ..	<i>559,375</i>	<i>805,911</i>	<i>634,757</i>
<i>3,235,000</i>	<i>10,000,000</i>	<i>4,170,366</i>	(IV) Exceptional items ... ..	<i>2,265,000</i>	<i>20,000,000</i>	<i>4,135,732</i>
<i>1,403,866</i>	<i>9,861,672</i>	<i>2,326,294</i>	(V) Inter-Group interest on loans and current accounts	<i>6,987</i>	<i>8,036,783</i>	<i>744,747</i>
<i>93,900</i>	<i>1,003,885</i>	—	(VI) Profit before taxation ... ..	39,035	<i>417,323</i>	—
17,508,356	94,215,592	26,320,964	(VII) Taxation on profits—	19,378,852	66,065,984	25,558,441
<i>12,725,728</i>	<i>66,110,624</i>	<i>18,909,492</i>	(a) Amount based on the assessable profits of the year, including foreign taxes ... ..	<i>12,982,496</i>	<i>47,448,503</i>	<i>17,420,668</i>
<i>1,143,402</i>	<i>10,621,654</i>	<i>2,136,916</i>	(b) Adjustments relating to previous years ...	<i>1,390,697</i>	<i>20,673,668</i>	<i>3,324,442</i>
<i>11,582,326</i>	<i>55,488,970</i>	<i>16,772,576</i>	(VIII) PROFIT AFTER TAXATION ... ..	<i>11,591,799</i>	<i>26,774,835</i>	<i>14,096,226</i>
5,926,030	38,726,622	9,548,388	(IX) Proportion attributable to outside shareholders' interests in subsidiaries ... ..	7,787,053	39,291,149	11,462,215
<i>639,212</i>	<i>4,244,660</i>	<i>1,036,244</i>	(X) CONSOLIDATED NET PROFIT... ..	<i>625,548</i>	<i>4,040,744</i>	<i>1,003,506</i>
5,286,818	34,481,962	8,512,144		7,161,505	35,250,405	10,458,709

# AND LOSS ACCOUNTS

## BROTHERS & UNILEVER N.V. AND THEIR SUBSIDIARIES

## STATEMENT B

*Figures shown in italics  
represent deductions*

*when considering them the existence of restrictions on transfers of currencies must be borne in mind.*

### NOTES

- (I) Trading profit includes income from quoted investments LIMITED £3,357, N.V. Fl.95,579, Combined £12,297, and dividends on capital of parent companies held by subsidiaries LIMITED £8,467, N.V. Fl.124,440, Combined £20,107.

In N.V. a provision of Fl.1,457,500 against losses incurred in Germany in 1946 and 1947 has been released, as profits earned in 1948 exceed these losses.

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

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

- (IV) The principal items are :

LIMITED—Exchange differences £309,701 (1947 £1,527,551).

N.V.—Exchange differences Fl.849,069 (1947 Fl.2,563,921), funding pensions Fl.2,474,404 (1947 Fl.6,623,663) and a net deficit on disposal of fixed assets of Fl.1,382,466 (1947 Fl.203,140).

- (VII) In LIMITED it is not practicable to distinguish between income tax and profits tax owing to the incidence of foreign tax relief. The United Kingdom taxation on profits is £9,553,716 before deducting foreign tax relief of £3,638,709. The additional profits tax on distributions declared and proposed is included.

The adjustments relating to previous years arise in LIMITED mainly from the capitalisation of profits of overseas subsidiaries ; the tax which would have been payable on their distribution in cash had been reserved and is no longer required. In N.V. they arise from a reduction in the effective rate of withholding tax in the United States of America on ratification of the Double Tax Convention between the United States and the Netherlands.

- (X) The profits shown at (VI), (VIII) and (X) are after setting aside reserves for replacement of fixed assets and for stocks.

#### General

Foreign currencies have been expressed in sterling or guilders respectively at the average rates of the year, except for depreciation which has been provided on the sterling or guilder value of the fixed assets converted, as far as practicable, at the average rates ruling in the year of acquisition or valuation. Combined figures are calculated at the rate of £1—Fl.10.691.



## STATEMENT C

Figures shown in italics  
represent deductions

## APPROPRIATION OF

## LEVER BROTHERS &amp; UNILEVER LIMITED AND LEVER

The combined figures are shown as a guide, and no more, to the trend of results of both Groups and

1947				1948		
LIMITED	N.V.	COMBINED		LIMITED	N.V.	COMBINED
£	Fl.	£		£	Fl.	£
5,286,818	34,481,962	8,512,144	Consolidated Net Profit (Statement B) ... ..	7,161,505	35,250,405	10,458,709
			<b>Preferential Dividends of Parent Companies—</b>			
2,518,906	2,030,000	2,708,785	7% Preference ... ..	2,518,906	2,030,000	2,708,785
—	6,548,160	612,493	6% Preference ... ..	—	6,548,160	612,493
118,000	—	118,000	5% Preference ... ..	118,000	—	118,000
—	2,189,000	204,752	4% Redeemable Preference ... ..	—	3,000,000	280,610
1,252,414	—	1,252,414	8% A Preference ... ..	1,252,940	—	1,252,940
457,463	—	457,463	20% Preferred Ordinary ... ..	457,463	—	457,463
4,346,783	10,767,160	5,353,907		4,347,309	11,578,160	5,430,291
1,956,019	—	1,956,019	Less : United Kingdom income tax ... ..	1,956,256	—	1,956,256
2,390,764	10,767,160	3,397,888		2,391,053	11,578,160	3,474,035
2,896,054	23,714,802	5,114,256	Profit accruing to Ordinary and Deferred Capital ...	4,770,452	23,672,245	6,984,674
			<b>Ordinary and Deferred Dividends of Parent Companies proposed—</b>			
1,369,401	15,308,000	2,801,259	Ordinary (LIMITED 10% ; N.V. 8.9%) ... ..	1,369,401	15,308,000	2,801,259
6,000	—	6,000	Deferred ... ..	6,000	—	6,000
618,930	—	618,930	Less : United Kingdom income tax ... ..	618,930	—	618,930
756,471	15,308,000	2,188,329		756,471	15,308,000	2,188,329
2,139,583	8,406,802	2,925,927	Profit retained ... ..	4,013,981	8,364,245	4,796,345
			<b>Represented by—</b>			
			Retentions by Parent Companies			
1,500,000	—	1,500,000	General Reserve ... ..	1,500,000	—	1,500,000
109,897	2,316,766	326,600	Profits carried forward ... ..	344,442	810,249	420,230
529,686	6,090,036	1,099,327	Parent Companies' proportions of the net profits retained by subsidiaries ... ..	2,169,539	7,553,996	2,876,115
2,139,583	8,406,802	2,925,927		4,013,981	8,364,245	4,796,345

# CONSOLIDATED NET PROFITS

## STATEMENT C

### BROTHERS & UNILEVER N.V. AND THEIR SUBSIDIARIES

*Figures shown in italics  
represent deductions*

*when considering them the existence of restrictions on transfers of currencies must be borne in mind.*

#### NOTES

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

1947				1948	
£4,757,132	...	LIMITED	...	£4,991,966	
Fl.28,391,926	...	N.V.	...	Fl.27,696,409	
£7,412,817	...	COMBINED	...	£7,582,594	

The above profits comprise revenue from subsidiaries only to the extent to which profits of direct subsidiaries have been declared as dividends. These dividends have either been received in cash or have been booked to the debit of the Loan or Deposit Accounts of those subsidiaries. Where the direct subsidiaries are themselves holding companies the results of their subsidiaries have been taken up as if those companies were branches after making provision for taxes that would become payable if their profits were distributed. In some cases, dividends from direct subsidiaries were represented partly by dividends, including stock dividends, from their subsidiaries and partly by profits retained by those subsidiaries for the development of their businesses. Where there are restrictions on the movement of currency, or on the distribution of profits, the direct subsidiaries have retained, in the aggregate, amounts at least equivalent to the profits of the year subject to such restrictions.

# STATEMENT D

Figures shown in italics represent deductions

## LAND, BUILDINGS, PLANTATIONS, SHIPS, PLANT AND EQUIPMENT

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

1947				1948		
LIMITED	N.V.	COMBINED		LIMITED	N.V.	COMBINED
£	Fl.	£		£	Fl.	£
<b>COST OR VALUATION</b>						
44,426,960	323,735,267	74,708,063	At 1st January	50,300,775	360,432,711	84,014,433
6,081,724	35,158,881	9,370,367	Expenditure	7,768,069	51,834,720	12,616,513
<i>345,091</i>	<i>2,393,816</i>	<i>569,001</i>	Proceeds of sales	<i>710,475</i>	<i>4,440,344</i>	<i>1,125,810</i>
<i>542,928</i>	<i>3,760,881</i>	<i>894,708</i>	Eliminations in respect of disposals	<i>460,861</i>	<i>8,798,993</i>	<i>1,283,889</i>
49,620,665	352,739,451	82,614,721	At 31st December	56,897,508	399,028,094	94,221,247
<b>DEPRECIATION</b>						
23,628,526	153,479,385	37,984,469	At 1st January	24,630,252	168,799,345	40,419,172
1,916,455	15,571,560	3,372,966	Charged to revenue	2,457,483	18,409,154	4,179,413
<i>625,591</i>	<i>3,725,887</i>	<i>974,098</i>	Eliminations in respect of disposals	<i>474,024</i>	<i>7,401,632</i>	<i>1,166,348</i>
<i>610,903</i>	—	<i>610,903</i>	Surpluses transferred to reserves	<i>877,862</i>	—	<i>877,862</i>
24,308,487	165,325,058	39,772,434	At 31st December	25,735,849	179,806,867	42,554,375
<b>NET BALANCE SHEET VALUES</b>						
15,735,049	98,382,574	24,937,422	Land, Buildings and Plantations	17,355,049	112,439,232	27,872,235
9,577,129	89,031,819	17,904,865	Ships, Plant and Equipment	13,806,610	106,781,995	23,794,637
25,312,178	187,414,393	42,842,287	At 31st December	31,161,659	219,221,227	51,666,872

In addition to provisions for depreciation, amounts have been transferred in the last two years to reserves for replacement of fixed assets which, at 31st December 1948 amounted to LIMITED £7,015,507, N.V. Fl. 32,127,171, Combined £10,020,574.

### NOTES

The differences between the balances at 31st December 1947 and those shown at 1st January 1948, mainly arise from the adoption of revaluations of existing assets, the acquisition of new businesses and the regrouping of certain items as current assets.

Land, Buildings, Plantations, Ships, Plant and Equipment are stated at cost in some cases and in others as valued by the Directors at various dates. Where appropriate, surpluses on valuations, statutory or otherwise, have been applied against Premiums.

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

# STATEMENT E

*Figures shown in italics  
represent deductions*

## CAPITAL AND REVENUE RESERVES

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

31st December 1947				31st December 1948		
LIMITED	N.V.	COMBINED		LIMITED	N.V.	COMBINED
£	Fl.	£		£	Fl.	£
7,211,709	71,557,343	13,904,941	<b>CAPITAL RESERVES</b>	7,219,107	71,557,343	13,912,339
1,669,161	53,999,537	6,720,095	Premiums on Capital issued by the Parent Companies ...	1,669,161	53,999,537	6,720,095
882,182	193,079	900,242	Surplus on valuation of shares in subsidiaries and trade investments ... ..	849,067	193,464	867,163
3,496,069	17,500,000	5,132,960	Excess profits tax post-war refund ... ..	7,015,507	32,127,171	10,020,574
13,259,121	143,249,959	26,658,238	Fixed assets replacement ... ..	16,752,842	157,877,515	31,520,171
			<b>REVENUE RESERVES</b>			
			Parent Companies			
15,348,488	43,052,371	19,375,461	General reserves ... ..	16,848,488	43,052,371	20,875,461
3,213,797	12,482,171	4,381,337	Profits carried forward ... ..	3,558,239	13,292,420	4,801,567
10,613,005	23,235,208	12,786,348	General reserves and profits carried forward of subsidiaries	12,802,105	30,789,204	15,682,023
4,235,000	16,000,000	5,731,586	Stock reserves ... ..	6,500,000	36,000,000	9,867,318
33,410,290	94,769,750	42,274,732		39,708,832	123,133,995	51,226,369

The General reserves and profits carried forward include substantial amounts which have been retained by subsidiaries to finance fixed assets and working capital or which, owing to currency restrictions, cannot be remitted.

### EXPLANATIONS OF MOVEMENTS

#### Capital Reserves

Premiums on Capital issued by the Parent Companies

£6,576 8% Cumulative A Preference Stock was issued by LIMITED during the year at a premium of £7,398 in exchange for shares in a subsidiary.

Excess profits tax post-war refund

In LIMITED the reduction of £33,115 arises from a revision of the Group excess profits tax liability.

Fixed assets replacement

The increases—LIMITED £3,519,438, N.V. Fl. 14,627,171—consist of the Parent Companies' proportions of the amounts set aside out of current revenue—LIMITED £2,650,000, N.V. Fl. 15,200,000—and surpluses on disposal of fixed assets—LIMITED £877,862.

#### Revenue Reserves

General reserves and profits carried forward

The increases comprise LIMITED £4,013,981, N.V. Fl. 8,364,245 shown in the Appropriation of Consolidated Net Profits (Statement C), and in the case of LIMITED £19,561 transferred from Provision for exchange losses.

Stock reserves

The increases are due to charges against profits—LIMITED £2,265,000, N.V. Fl. 20,000,000—shown in the Consolidated Profit and Loss Accounts (Statement B).

# STATEMENT F

Figures shown in italics represent deductions

# LEVER BROTHERS &

## BALANCE SHEET 31st

1947 £	CAPITAL EMPLOYED				Authorised £	Issued and fully paid £	£
35,984,690	(I) Preferential Capital—				35,984,690	35,984,690	
2,360,000	7% Cumulative Preference	} <i>Ranking pari passu</i>		4,015,310	2,360,000		
15,655,173	5% Cumulative Preference			40,000,000	15,661,749		
2,287,312	8% Cumulative A Preference	... ..		2,287,312	2,287,312		
	20% Cumulative Preferred Ordinary	... ..					
56,287,175				82,287,312		56,293,751	
	(II) Ordinary and Deferred Capital and Reserves—						
	(a) CAPITAL—						
	Ordinary	... ..		59,031,438	13,694,008		
	Deferred	... ..		100,000	100,000		
13,794,008				59,131,438	13,794,008		
10,697,621	(i) CAPITAL RESERVES	... ..			10,430,919		
21,062,285	(k) REVENUE RESERVES	... ..			24,406,727		
5,142,000	(d) FUTURE UNITED KINGDOM TAXATION	... ..			600,000		
50,695,914						49,231,654	
106,983,089						105,525,405	
13,960,648	LESS:						
93,022,441	(III) Indebtedness of N.V. Group	... ..				13,117,792	
						92,407,613	
	EMPLOYMENT OF CAPITAL						
	(IV) Fixed Assets—	Cost £	Depreciation £	£	£		
2,307,583	(a) Land and buildings	2,874,343	608,321	2,266,022			
310,910	(b) Plant and office equipment	900,268	558,026	342,242			
2,618,493		3,774,611	1,166,347	2,608,264			
2,245,343	(c) Trade investments—at net book value at 31st December 1947			2,245,343			
4,863,836						4,853,607	
89,530,298	(V) Interests in Subsidiaries—						
23,104,694	(a) Shares at Directors' valuation at 31st December 1937, with additions at cost			89,223,712			
	(b) Loans and current accounts (including dividends receivable)			31,335,128			
112,634,992				120,558,840			
30,259,999	(c) Less : Deposits and current accounts (less dividends receivable)			30,117,534			
82,374,993						90,441,306	
499,105	(VI) Current Assets—						
946,790	Debtors and payments in advance		576,718				
5,650,000	United Kingdom taxation—excess profits tax recoverable, less provision for current liability						
2,675,723	Tax Reserve Certificates		250,000				
9,771,618	Balances at bankers and cash in hand		1,381,394				
						2,208,112	
2,036,154	(VII) Current Liabilities—						
	Trade creditors, deposits and accrued liabilities		2,124,216				
1,951,852	United Kingdom taxation		1,019,199				
3,988,006	Dividends (net) including those proposed on Ordinary and Deferred Capital		1,951,997				
5,783,612						5,095,412	
93,022,441						2,887,300	
						92,407,613	
	GEOFFREY HEYWORTH <i>Chairman</i>						
	H. DAVIS <i>Vice-Chairman</i>						

## UNILEVER LIMITED

DECEMBER 1948

## NOTES

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

(b) The details of Capital Reserves are—

1947		1948
£		£
7,211,709	Premiums on issues of capital ... ..	7,219,107
1,669,161	Surplus on valuation 31st December 1937 of shares in sub- sidiaries and trade investments ... ..	1,669,161
719,751	Excess profits tax post-war refund ... ..	682,901
1,097,000	Fixed assets replacement ... ..	859,750
<u>10,697,621</u>		<u>10,430,919</u>

Explanations of the movements are—

Premiums on issues of capital

£6,576 8% Cumulative A Preference Stock was issued during the year at a premium of £7,398 in exchange for shares in a subsidiary.

Excess profits tax post-war refund

The reduction of £36,850 represents a repayment on revision of the Group excess profits tax liability.

Fixed assets replacement

The reserve includes amounts set aside on behalf of certain subsidiaries. Other subsidiaries have made the necessary reserves in their 1948 accounts, thus releasing £788,048 of the reserve at 31st December 1947. This reduction has been offset by surpluses on disposal of fixed assets of £124,709 and a further charge against profits of £426,089.

(c) The details of Revenue Reserves are—

1947		1948
£		£
15,348,488	General ... ..	16,848,488
3,213,797	Profit carried forward ... ..	3,558,239
2,500,000	Stocks ... ..	4,000,000
<u>21,062,285</u>		<u>24,406,727</u>

Explanations of the movements are—

General reserve and Profit carried forward—

The increases of £1,500,000 to General reserve and £344,442 to Profit carried forward are shown in the Appropriation of Consolidated Net Profits (Statement C).

Stocks—

The increase is due to a charge against profits of £1,500,000 included in the amount of £2,265,000, shown in the Consolidated Profit and Loss Account (Statement B).

(d) This covers future United Kingdom taxation on the profits of the year. In previous years the reserve has also covered the future liabilities of a number of subsidiaries, but the necessary reserves have now been set up by them.

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

The movement arises mainly from LIMITED having taken over from one of its subsidiaries indebtedness to the N.V. Group.

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

The increase in loans and current accounts is offset by a corresponding reduction in current assets. The additional amounts advanced to subsidiaries were required to finance capital expenditure and expansion in stocks.

## General

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

There are outstanding commitments of LIMITED for funding pensions to pay The Union Pension Fund eight annual instalments of £136,545 and to pay The Union Superannuation Fund six annual instalments of £57,700.

The estimated commitments for capital expenditure at 31st December 1948 were £600,000, including £500,000 on behalf of subsidiaries.

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

# STATEMENT G

Figures shown in italics represent deductions

# LEVER BROTHERS

## BALANCE SHEET (Translation)

1947 Fl.	<b>CAPITAL EMPLOYED</b>	<i>Authorised Fl.</i>	<i>Issued and fully paid Fl.</i>	Fl.
	<b>(I) Preferential Capital—</b>			
29,000,000	7% Cumulative Preference	30,000,000	29,000,000	
109,136,000	6% Cumulative Preference	125,000,000	109,136,000	
75,000,000	4% Redeemable Cumulative Preference	75,000,000	75,000,000	
	<i>Ranking pari passu</i>			
<b>213,136,000</b>		<b>230,000,000</b>		<b>213,136,000</b>
	<b>(II) Ordinary Capital and Reserves—</b>			
172,000,000	(a) ORDINARY CAPITAL ... ..	300,000,000	172,000,000	
	(b) CAPITAL RESERVES—			
71,557,343	Premiums on issues of capital ... ..	71,557,343		
53,999,537	Surplus on valuation 31st December 1939 of shares in subsidiaries, less amount written off ... ..	53,999,537		
125,556,880			125,556,880	
	(c) REVENUE RESERVES—			
43,052,371	General... ..	43,052,371		
12,482,171	Profit carried forward ... ..	13,292,420		
55,534,542			56,344,791	
<b>353,091,422</b>				<b>353,901,671</b>
<b>566,227,422</b>				<b>567,037,671</b>
<b>32,231,652</b>	(III) Indebtedness to LIMITED Group ... ..			<b>21,878,469</b>
<b>598,459,074</b>				<b>588,916,140</b>
	<b>EMPLOYMENT OF CAPITAL</b>			
	<b>(IV) Interests in Subsidiaries—</b>		Fl.	Fl.
310,450,619	Shares at Directors' valuation 31st December 1939, less amounts written off and additions at cost ... ..		310,450,519	
345,814,505	Loans and current accounts (including dividends receivable) ... ..		359,334,053	
			669,784,572	
656,265,124	Less: Deposits and current accounts		47,996,394	
46,699,462				<b>621,788,178</b>
<b>609,565,662</b>				
	<b>(V) Current Assets—</b>	Fl.		
2,785,415	Debtors and payments in advance (Fl. 227,169) ... ..	2,977,362		
19,900,000	Short term advances and Treasury bills ... ..	2,250,656		
5,192,319	Balances at bankers and cash in hand ... ..	8,309,792		
27,877,734			13,537,810	
	<b>(VI) Current Liabilities and Provisions—</b>			
8,049,837	Creditors, deposits and accrued liabilities... ..	12,830,066		
9,837,405	Provision for taxation and contingencies ... ..	12,482,702		
21,097,080	Dividends, including that proposed on Ordinary Capital ... ..	21,097,080		
38,984,322			46,409,848	
<b>11,106,588</b>				<b>32,872,038</b>
<b>598,459,074</b>				<b>588,916,140</b>
	P. RYKENS <i>Chairman</i>			
	A. HARTOG <i>Vice-Chairman</i>			

31st DECEMBER 1948

NOTES

- (I) The 4% Redeemable Cumulative Preference Capital is redeemable at par at the Company's option either wholly or in part after 31st December 1955.
- (II) (a) Fl. 1,200,000 Ordinary Capital is held by a subsidiary of N.V. and Fl. 1,200,000 is held by a subsidiary of LIMITED.
- (b) and (c) The Reserves are subject to any provisions which may be required against interests in subsidiaries not consolidated.
- (c) The increase of Fl. 810,249 to Profit carried forward is shown on the Appropriation of Consolidated Net Profits (Statement C).
- (III) The movement arises mainly from N.V. having taken over from one of its subsidiaries a claim on the LIMITED Group.
- (IV) Amounts shown as owing by subsidiaries on Loans and current accounts include substantial sums which, because of their retention by subsidiaries for capital purposes or owing to currency restrictions, cannot be remitted.
- (V) Debtors and payments in advance have been shown after provision for doubtful debts. The amount of Fl. 2,977,362 includes the equivalent of Fl. 608,096 which is subject to currency restrictions.

**General**

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

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



## REPORTS OF THE AUDITORS

### TO THE MEMBERS OF LEVER BROTHERS & UNILEVER LIMITED

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

We have also examined the consolidated balance sheet, consolidated profit and loss account and appropriation account of the company and its subsidiaries set out on Statements A, B and C, with the accounts of those companies. The accounts of some of the subsidiaries have not been audited by us and those of an important group of subsidiaries having interests in Africa are estimated accounts as at 31st December, 1948. Subject to the foregoing in our opinion such consolidated balance sheet, consolidated profit and loss account and appropriation account, amplified by the notes applicable thereto, have been properly prepared in accordance with the provisions of the Companies Act, 1948, so as to give a true and fair view respectively of the state of affairs and of the profit of the companies, after making the transfers mentioned in note (x) on Statement B, so far as concerns the members of Lever Brothers & Unilever Limited.

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

7th July, 1949.

### TO THE MEMBERS OF LEVER BROTHERS & UNILEVER N.V.

*(Translation)*

We report to the Members that we have examined the balance sheet set out on Statement G, which is in agreement with the books of account; these in our opinion have been properly kept. Sufficient information is not available to enable us to estimate the extent to which the company's Reserves may be required to write down its interests in subsidiaries not consolidated, which have a book value of Fl. 155,677,339 and are reflected in the item Interests in Subsidiaries. As in past years, the company's net profit has been arrived at after crediting dividends from its direct subsidiaries which are represented in part by profits of their subsidiaries capitalised by them as bonus shares or retained and not declared in dividend. Subject to the foregoing remarks we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit and in our opinion the balance sheet, amplified by the notes applicable thereto, gives a true and fair view of the state of the company's affairs as at 31st December, 1948.

We have also examined the consolidated balance sheet, consolidated profit and loss account and appropriation account of the company and its subsidiaries dealt with thereby set out on Statements A, B and C, with the accounts of those companies. Some of these have not been audited by us and some, forming a relatively small proportion of the assets and liabilities of the group, have not been audited. Subject to the foregoing and to the extent to which the Reserves may be required to write down Interests in Subsidiaries not consolidated, referred to above, in our opinion such consolidated balance sheet, consolidated profit and loss account and appropriation account, amplified by the notes applicable thereto, have been properly prepared so as to give a true and fair view respectively of the state of affairs and of the profit of Lever Brothers & Unilever N.V. and its subsidiaries dealt with thereby, after making the transfers mentioned in note (x) on Statement B.

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

7th July, 1949.

**TURNOVER OF PRINCIPAL COMMODITIES OF LIMITED AND N.V. GROUPS**  
(Excluding subsidiaries not consolidated)

Supplies of marketable products—for use as raw materials—and services by one industry to other industries within the organisation are included in order to provide a proper ratio of turnover to capital employed and profits earned.  
In the case of production in the United Kingdom for the Ministry of Food and produce purchased for the West African Produce Control Board, a value has been included based on the Government controlled prices.

1947			1948	
Metric Tons	£		Metric Tons	£
606,000	70,150,000	Margarine, edible fats and salad oils ... ..	767,000	94,163,000
	34,055,000	Other foods for human consumption ... ..		40,445,000
1,552,000	152,184,000	Other vegetable and animal oils and fats ... ..	1,859,000	193,348,000
1,288,000	18,187,000	Animal feeding stuffs ... ..	1,650,000	24,926,000
811,000	84,634,000	Soap and other detergents ... ..	941,000	103,968,000
	10,484,000	Toilet preparations, including perfumes... ..		11,244,000
	14,230,000	Miscellaneous manufactures, including glycerine ... ..		17,837,000
942,000	37,805,000	Produce (mainly tropical produce-handled by the United Africa Group) ... ..	1,085,000	58,132,000
	50,731,000	Merchandise (mainly handled by the United Africa Group) ... ..		65,102,000
	6,852,000	Services (including ocean, river and road transport) ... ..		8,343,000
	<u>479,312,000</u>	<b>TOTAL VALUE</b> ... ..		<u>617,508,000</u>
	£			£
	285,572,000	Represented by:—		
	93,451,000	(a) Sales to third parties ... ..		365,420,000
	100,289,000	(b) Value of production for the Ministry of Food and produce purchased for the West African Produce Control Board ... ..		116,157,000
	<u>479,312,000</u>	(c) Supplies of marketable products and services within the organisation ... ..		<u>135,931,000</u>
				<u>617,508,000</u>
		Expressed as percentages of the above total values:—		
£16,772,576 or 3.50%		Direct taxation on profits ... ..	£14,096,226 or 2.28%	
		Dividends:—		
£4,360,528 or 0.91%		Preferential ... ..	£4,438,980 or 0.72%	
£2,195,505 or 0.46%		Ordinary ... ..	£2,194,468 or 0.36%	
		Profit retained ... ..	£4,796,345 or 0.78%	

**PENSIONS**

1947				1948		
LIMITED	N.V.	COMBINED		LIMITED	N.V.	COMBINED
39,200	8,100	47,300	Employees covered by Companies' schemes—	40,700	8,400	49,100
—	7,900	7,900	Pension and Provident Funds ... ..	—	9,400	9,400
			Insurance Companies ... ..			
£	Fl.	£	<b>COMPANIES' CONTRIBUTIONS DURING YEAR—</b>	£	Fl.	£
			Contributions to:			
1,190,000	3,658,000	1,532,000	Pension and Provident Funds ... ..	1,469,000	5,253,000	1,960,000
—	8,764,000	820,000	Insurance Companies ... ..	—	6,491,000	607,000
439,000	1,358,000	566,000	Pensions supplementing those paid out of the Funds and lump sum payments on termination of service ... ..	405,000	1,807,000	574,000
<u>1,629,000</u>	<u>13,780,000</u>	<u>2,918,000</u>		<u>1,874,000</u>	<u>13,551,000</u>	<u>3,141,000</u>
£	Fl.	£	<b>PENSION AND PROVIDENT FUNDS ADMINISTERED BY TRUSTEES ON BEHALF OF MEMBERS—</b>	£	Fl.	£
20,021,000	41,278,000	23,882,000	Invested outside the Organisation ... ..	22,597,000	44,908,000	26,798,000
1,303,000	4,458,000	1,720,000	Invested inside the Organisation ... ..	1,145,000	7,655,000	1,861,000
<u>21,324,000</u>	<u>45,736,000</u>	<u>25,602,000</u>		<u>23,742,000</u>	<u>52,563,000</u>	<u>28,659,000</u>

**SUMMARY OF CONSOLIDATED FIGURES, 1937-1948**

(000's omitted)

Year	Preferential Capital	Ordinary Shareholders' Funds		Outside Shareholders' Interests in Subsidiaries	Long Term Liabilities	Fixed Assets	Net Current Assets	Capital Employed	Consolidated Net Profit	Distributions		
		Capital	Reserves							Preferential	Ordinary and Deferred	Retained
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
<b>LIMITED</b>												
1937	£ 55,927	£ 11,419	£ 14,133	£ 17,407	£ 10,410	£ 70,267	£ 26,299	£ 96,566	£ 5,585	£ 3,134	£ 858	£ 1,593
1938	55,927	11,419	15,205	17,544	10,266	69,988	25,941	95,929	5,172	3,139	832	1,201
1939	56,287	13,203	18,677	15,187	9,815	73,951	28,360	102,311	5,597	2,820	844	1,933
1940	56,287	13,211	23,138	14,948	8,458	74,689	31,124	105,813	4,367	2,500	331	1,536
1941	56,287	13,211	25,497	14,935	4,888	72,692	31,876	104,568	3,744	2,174	331	1,239
1942	56,287	13,211	27,794	14,872	4,431	71,678	34,823	106,501	4,357	2,174	331	1,852
1943	56,287	13,610	31,591	15,317	4,296	71,117	39,949	111,066	5,514	2,174	341	2,999
1944	56,287	13,610	35,421	13,138	2,327	68,077	42,842	110,919	5,997	2,174	341	3,482
1945	56,287	13,610	38,560	13,103	2,274	67,057	47,481	114,538	6,159	2,174	374	3,611
1946	56,287	13,694	45,185	13,147	151	68,335	51,086	119,421	5,270	2,391	756	2,123
1947	56,287	13,694	56,469	13,016	151	69,693	58,410	128,103	5,287	2,391	756	2,140
1948	56,294	13,694	64,862	13,079	151	75,112	61,867	136,979	7,161	2,391	756	4,014
<b>LIMITED AND N.V.</b>												
1937	£ 70,130	£ 25,507	£ 30,776	£ 26,355	£ 16,261	£ 130,844	£ 38,185	£ 169,029	£ 8,360	£ 3,690	£ 2,283	£ 2,387
1938	70,697	25,530	32,185	25,376	16,355	129,558	40,585	170,143	8,389	4,055	2,263	2,071
1939	69,207	27,316										
1940	69,208	27,324										
1941	69,208	27,324							40,162	18,204	7,331	14,627
1942	69,208	27,324							(average 6,694)	(average 3,034)	(average 1,222)	(average 2,438)
1943	69,208	27,723										
1944	69,208	27,723										
1945	72,376	27,723	57,930	16,959	12,311	121,265	66,034	187,299	7,850	2,816	1,089	3,945
1946	72,376	27,807	65,679	17,109	10,270	122,854	70,387	193,241	8,268	3,162	2,186	2,920
1947	76,201	27,827	80,500	17,168	10,402	129,134	82,964	212,098	8,512	3,398	2,188	2,926
1948	76,230	27,827	92,889	17,311	18,233	138,363	94,127	232,490	10,458	3,474	2,188	4,796

**NOTES :**

- (i) The consolidated net profit in Column (10) is after setting aside amounts to reserves for replacement of fixed assets and stocks, and to build up the future United Kingdom tax reserve, all of which are included in Column (4).
- (ii) The exchange difference on conversion of Ordinary Capital has been included in reserves.
- (iii) Companies in which exactly 50% of the Ordinary Capital was held have not been consolidated since 1943.
- (iv) For the years 1939/1948, Column (7) includes the book value of interests in subsidiaries not consolidated.
- (v) Complete information is not available as to the N.V. position and results for the separate years of the war.
- (vi) From 1941 to 1946 the N.V. Preference dividends in Column (11) were reduced by 20% under the Decree of 1942.
- (vii) Rates of exchange to £1 adopted for the combined figures are: Ordinary Capital, Fl. 12—Other headings 1937/8 Fl. 9.0, 1939/48 Fl. 10.691.

# THE UNILEVER ORGANISATION

## THE PERSONNEL DIVISION

*This year we describe the functions and methods of Personnel Division in continuation of the series of descriptions of central specialist departments which serve the needs of Unilever managements throughout the world.*

### **The Problem**

The employment of one person by another creates obligations on either side and the problems which from time to time arise through changed conditions call for solution and often mutual adjustments. In the early days of industrial development such matters were usually dealt with by the head of a business, but as the scale of organisation has grown and relations have become more complex, there has been an increasing tendency to depute day to day problems in this field to persons with specialised experience. Such is the pattern of the development of the Personnel work in Unilever.

There are more than 200,000 individuals within the Unilever organisation, but with the exception of a relatively few persons employed as Head Office staff these are all in the service of separate operating companies. Each of these companies, in accordance with the basic principle of decentralisation adopted by Unilever, is run by its own separate management and is independently responsible for its personnel problems, just as it is responsible for its own commercial problems.

It is not the policy of Unilever to enforce a uniform pattern of employee relations everywhere; indeed, the different conditions prevailing in the many countries and varied trades in which operations are carried on would make this impossible. Nevertheless, it is important that there should be a basic policy in dealing with personnel and some measure of co-ordination so that all managements throughout the organisation may have the benefit of experience gained elsewhere, and that new ideas and methods are constantly brought to their notice. It is regarded as important that individuals should not be deprived of the opportunity of development and advancement because they are engaged in some remote part of the world.

It is to cope with these problems that Personnel Division has been established. Its duties are primarily advisory although it carries out certain services which are capable of central execution. It consists of a small number of senior executives, the present Head being a member of the Board of Directors. The team is made up, in almost equal proportions, of people with practical managerial experience gained in Unilever service, and specialists with knowledge of more specific aspects of employee relations. The division advises the Board on general policy regarding personnel matters, and interprets that policy as and when formulated by the Board, for all grades of personnel, through the different management channels. Broadly, the division's activities cover

relations with all grades of employees; the setting of standards for their security, occupational health and general well-being; and the planning and furtherance of training and educational schemes.

### **Relations with employees**

These comprise, on the one hand, the direct relation which management has with employees at all levels, and on the other, the more formal relationship which management has with organised labour through Trade Unions. In the sphere of direct relations, one important duty of the Personnel Division is to ensure that the best possible use is made of the services of individual employees within the organisation and that opportunities for promotion are given to those showing promise. For this purpose it maintains certain records centrally. Another duty is to give advice on methods of joint consultation—a subject demanding constant study—which often differ as between companies. For many years consultation between management and elected representatives of employees on matters affecting working conditions, apart from those covered by Trade Union Agreements, has been widely practised throughout the Unilever organisation. Where formal relations with Trade Unions exist, the division advises operating companies on the many problems which constantly arise on questions of wages, hours and conditions of employment. It will be appreciated how widely these may vary in the different industries and countries in which Unilever has interests.

### **Provision for employee security**

Again there are wide variations between one country and another according to the prevailing social laws and standards of welfare, but there is a general pattern to which operating companies are expected to conform. The Pension Officer, who is a member of the division, is responsible for the general supervision of all retirement arrangements. The division also gives advice to companies regarding the provision of assistance for employees suffering disability as a result of sickness or accident, and is in general available to help where necessary in the preparation of schemes to cover these and other aspects of employee security.

### **Occupational Health**

In this field the division's scope is wide. In temperate climates Unilever's medical services, while not taking the place of those given by the general medical practitioner or hospital, provide for medical inspection of

employees and the treatment during working hours of minor ailments and accidents.

In tropical countries where medical facilities are either limited or non-existent, the management on the spot is concerned with social medicine in the widest sense of the term, even to the extent in some cases of being responsible for the care of the whole community.

The Principal Medical Officer of the division is available to give advice on problems of industrial health to any operating unit in the organisation. To enable him to do this he must be particularly mobile. He maintains close contact with the medical officers employed at operating units and with factory nursing staffs, and is thus able to help them to keep abreast of modern medical practice, with particular reference to environmental health conditions.

### **Training and Education**

The division is responsible for the Management Training Scheme, first introduced over twenty years ago to provide training for young men who appear likely to prove eligible in due course for positions of considerable responsibility. These trainees are selected from men already within the business, from university graduates and from other sources, and are chosen by a system which embodies many of the latest methods of selection. The training covers a period of about two years. The method varies in the different countries but everywhere it is designed to enable the trainee to study different phases of Unilever activities, to obtain experience of actual working conditions in different factories, and to gain first-hand knowledge of the principles of management. The development of the trainees is carefully watched and those who successfully complete the two year course are appointed to positions carrying a measure of responsibility. Thereafter their progress depends on their showing in the various positions to which they are subsequently appointed.

The division is also concerned with any special training courses which are run centrally as a service for operating units. For example, residential courses each lasting three weeks are held in London for supervisors and foremen from various factories producing widely differing products. The methods of study are informal. The students are quartered together and many opportunities are provided for the exchanges of views between one another and also with members of the higher management who lead discussions or give talks.

The Training Within Industry Scheme, which many other companies also operate, fits well into the companies' policy of organising training courses designed to improve the standard of management at all levels. This scheme trains managers and supervisors in the skill of instructing and handling people and improving working methods. It has been adopted throughout the business in the United Kingdom, Holland and other countries with much success. Many hundreds of our managers and supervisors have gone through this training.

The policy of the business, as to education, is to assist and encourage employees to become proficient and fit themselves for advancement. In the United Kingdom, for example, companies are encouraged to maintain close contact with local educational authorities, particularly at the present time when the provisions of the Education Act, 1944, are taking practical form. In the United Kingdom, Holland and other countries, financial assistance is also given by the payment of fees for those who take up studies in their leisure time, while in certain cases employees are permitted to be absent from work for the purpose of studying subjects likely to prove of value in their careers.

### **Contact**

In accordance with the basic Unilever policy of close personal touch between headquarters and the operating units, the members of the division maintain contact with the individual companies and management groups largely by visits which give them up-to-date knowledge of the requirements and conditions within the various industries. They are thus able to appreciate at first hand the problems of management relations with employees. Consultation "on the spot" is an important aspect of personnel work. There is also a regular interchange of ideas and advice on personnel matters by correspondence and by visits to headquarters of those working overseas.

It is the function of all members of the team to keep in touch with the many national and international bodies concerned with human and employee relations and also with officials concerned with these subjects in other large businesses. Part of the time of the division is purposely spent in keeping abreast of trends of modern thought, in sifting ideas, and in deciding how best they can be applied within the organisation.

The scope and effective services of the division have grown with experience, and as time goes on a valuable fund of information is being built up, both regarding individual personnel, and also regarding problems of management and employee relations.

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## **PROGRESS**

*The Company's magazine "PROGRESS", which suspended publication during the war, has been revived and appears quarterly. The purpose of "PROGRESS" is to widen the knowledge of what Unilever is and does, and to provide a forum for the discussion of subjects of general industrial interest. Paper restrictions and the need for economy severely limit the number of copies, and it is regretted that it is impossible to distribute them as widely as formerly. A limited number of copies are on sale at 2s. 6d. and can be obtained from Messrs. W. H. Smith & Son Limited. Further particulars can be obtained on application to the Editor, Unilever House, London, E.C.4.*

1948

LEVER BROTHERS  
&  
UNILEVER  
LIMITED

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ANNUAL REPORT  
AND  
STATEMENT OF ACCOUNTS  
FOR THE YEAR ENDED  
31st DECEMBER 1948

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NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of the above-named Company will be held at The Hall of the Chartered Insurance Institute, 20, Aldermanbury, London, E.C.2, on Thursday, the 11th August, 1949, at 11 a.m., for the following purposes, namely:—

1. To receive and consider the Annual Statement of Accounts and Balance Sheet, and the Report of the Directors and Auditors thereon.
2. To sanction the declaration of Dividends on the Ordinary Stock and the Deferred Stock.
3. To elect Directors.
4. To fix the remuneration of the Auditors.
5. To transact any other ordinary business of the Company.

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

The Transfer Books of the Company so far as they relate to the Ordinary Stock will be closed from the 23rd July to the 6th August, 1949, inclusive.

Dated the 19th day of July, 1949.

By order of the Board,

H. SAUNDERS,

*Secretary.*

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