

UNILEVER

TRANSLATION
OF
ANNUAL REPORT
AND
STATEMENT OF ACCOUNTS
1951

UNILEVER N.V.

DIRECTORS

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SIR GEOFFREY HEYWORTH *Vice-Chairman*

M. G. DE BAAT

JAMES P. VAN DEN BERGH

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FRANK SAMUEL

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ARTHUR HENRY SMITH

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ADVISORY DIRECTORS

J. M. HONIG

RUDOLF JURGENS

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J_{HR.} J. A. G. SANDBERG

H. L. WOLTERSOM

SECRETARY

E. A. HOFMAN

AUDITORS

PRICE WATERHOUSE & Co.

COOPER BROTHERS & Co.

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

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

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

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SALIENT POINTS

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

1950		1951
Fl.		Fl.
1,794,000,000	FIXED ASSETS	1,987,000,000
1,493,000,000	NET CURRENT ASSETS.....	1,823,000,000
3,287,000,000	CAPITAL EMPLOYED	3,810,000,000
10,522,000,000	TURNOVER	12,826,000,000
136,000,000	DEPRECIATION ON REPLACEMENT BASIS	158,000,000
555,000,000	TRADING PROFIT	574,000,000
313,000,000	TAXATION FOR THE YEAR.....	352,000,000
28,000,000	STOCK RESERVES SET ASIDE	32,000,000
205,000,000	CONSOLIDATED NET PROFIT	200,000,000
167,555,000	PROFIT ACCRUING TO THE ORDINARY SHAREHOLDERS..	164,569,000
	Fl. 136,553,000 PROFITS RETAINED Fl. 133,567,000	
	Fl. 31,002,000 ORDINARY DIVIDENDS Fl. 31,002,000	

N.V., 12%; LIMITED, 13.5%

REPORT OF THE DIRECTORS FOR THE YEAR 1951

**TO BE SUBMITTED AT THE GENERAL MEETING OF
SHAREHOLDERS ON 23RD JUNE, 1952.**

The Directors submit their Report and Accounts for the year 1951. N.V. and LIMITED are linked together by a series of agreements of which the principal is the Equalisation Agreement. This agreement in effect equalises the dividend rights of the Ordinary Capitals of the two Companies and their capital values on liquidation on the basis of £1 nominal of LIMITED's Ordinary Capital being equivalent to Fl. 12 nominal of N.V.'s Ordinary Capital. For this reason the Report and Accounts deal, as hitherto, with the operations and results of both Groups.

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

ADDITIONAL CAPITAL

To meet the requirements of the capital expenditure programme and the increased demand for working capital the Boards decided in the second half of the year to raise further capital both in the Netherlands and the United Kingdom. In November 1951 LIMITED made a public issue in England of £14,000,000 4% Debenture Stock 1960/80 at 96% and at the same time N.V. and LIMITED issued on a rights basis one new share for every four units of Ordinary Capital then held. Ordinary Capital of N.V. of a nominal value of Fl. 43,004,000 was issued at a price of 133% and 3,423,502 new Ordinary Shares of £1 each in LIMITED were issued at a price of 30/- each. The proceeds of these issues which are reflected in the balance sheets at 31st December, 1951 provided additional capital for N.V. of Fl. 55,063,000 and for LIMITED of Fl. 195,723,000, received partly in 1951 and partly in 1952.

RESULTS

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

Commencing with the year 1947, in addition to normal depreciation a charge has been made each year, before arriving at profits, to provide for replacement of fixed assets. This has been calculated as the difference between the amount required by applying normal depreciation rates to current replacement costs of fixed assets and depreciation based on cost or, in some cases, valuations; the aim was to charge each year's profits with depreciation based on current replacement cost. Throughout this period both the depreciation and the replacement figures have steadily increased, the former from Fl. 36,060,000 in 1947 to Fl. 103,772,000 in 1951 and the latter from Fl. 38,882,000 in 1947 to Fl. 54,424,000 in 1951. The increase in depreciation arises mainly from the expenditure since the war of over Fl. 1,000,000,000 on capital replacements and expansion; the subsequent inclusion of interests not consolidated in 1947, principally Western Germany, and revaluations in some countries, also account for part of this increase. Notwithstanding the considerable growth in the depreciation figure the replacement charge has also risen because further reductions in the value of money have more than offset the effect of the replacement that has actually occurred in this period.

The charge against profits does not aim to provide for the replacement of assets on the basis of like-for-like, because of continuing advances in technology and changes in the pattern of demand. Consequently, the amount is not capable of precise calculation. In the opinion of the Boards the transfer to Reserve of Fl. 54,424,000 together with the normal depreciation of Fl. 103,772,000 for 1951 constitute an adequate charge against the results of the year's operations.

The revenue from trading was Fl. 573,848,736 for the year compared with Fl. 555,209,011 in 1950, after making the above mentioned charges for depreciation and replacement of fixed assets.

The consolidated net profit for the year amounts to Fl. 200,432,611 compared with Fl. 204,573,953 for the previous year. This is arrived at after setting aside reserves against stock values amounting to Fl. 31,920,000 (Fl. 27,980,000) and after charging taxation on profits of the year of Fl. 352,166,493 (Fl. 313,101,000).

Details of the proposed appropriations of the profits of the Parent Companies are set out in Statement C. The Directors propose to add Fl. 5,000,000 (Fl. 6,947,629) to the General Reserve of N.V. and Fl. 20,146,042 (Fl. 22,892,088) to the General Reserve of LIMITED. In December last the Boards resumed the pre-war practice of paying interim dividends with distributions of 4½% on the Ordinary Capital of N.V. and 5%, less income tax, on the Ordinary Stock of LIMITED. The Directors recommend that the total dividends in respect of 1951 be maintained at 12% for N.V. and 13½% for LIMITED, the rates paid in respect of 1950 and therefore final dividends of 7½% on the Ordinary Capital of N.V. and 8½%, less income tax, on the Ordinary Stock of LIMITED are now proposed, payable on 4th July 1952. The total dividends proposed on the Ordinary Capital are equivalent in value under the terms of the Equalisation Agreement. In accordance with the terms of issue the Ordinary Capital of N.V. and LIMITED issued in 1951 does not rank for these final dividends. After the proposed appropriations, the profits carried forward are increased by Fl. 1,694,499 (Fl. 1,261,912) in N.V. and by Fl. 8,720,448 (Fl. 3,584,723) in LIMITED.

In the Review of Operations information is given about the development of raw material prices. From this it will be seen that a general decline commenced in the middle of 1951 and that at the time of this report the prices are lower than they have been for a very long time. This development is to be welcomed both from the point of view of the consumer and of the manufacturer. It is, however, inevitable that financial results should temporarily be affected adversely by such a decline. The results for the last quarter of 1951 showed evidence of this and the adverse effect has continued in 1952 to date.

RESERVES

The capital reserves have been increased by a total of Fl. 81,916,407 to Fl. 606,819,498. Of this increase Fl. 22,396,187 represents the value of the premiums at which the Ordinary Capital was issued in 1951, after deducting the debenture discount and the expenses of the issues, and Fl. 54,424,000 additions to the reserves for replacement of fixed assets charged against trading profits. Minor additions to capital reserves also arose from surpluses on the disposal of fixed assets.

After the proposed appropriations the revenue reserves amounted to Fl. 1,004,283,156 at 31st December 1951, an increase of Fl. 165,487,329 over the year. Of this increase, the profits retained represented Fl. 133,567,329 and additions to stock reserves Fl. 31,920,000, which, at Fl. 145,660,000, are believed to be adequate.

REVIEW OF OPERATIONS

GENERAL

From a business point of view 1951 developed in three distinct phases. The first few months were marked by brisk trade and rising prices; the problem was not so much selling as obtaining sufficient supplies and producing sufficient quantities to meet demand, stimulated as it was, in the case of non-perishable products, by hoarding by consumers. The change to the second phase was gradual, as, first in the United States, then in other countries with hard currencies, and finally practically everywhere, distributors, warned by declining raw material markets, began to reduce their inventories. Consumers, though still continuing to buy at least their normal requirements, ceased to buy for hoarding. Finally, during the last phase, markets went down further and further and trade became slack; even the consumer seemed to fall back on hoarded stocks, and turnover was below normal. Competition became keener and margins narrowed. The results of our operations over the three phases combined were, however, still favourable, with good sales and satisfactory profits, but the picture varied geographically. The adverse reaction was most pronounced in the United States and Canada, where the total trade was below that of a normal year, with the consequent effect on trading results.

The trends which became more pronounced during the last quarter of 1951 continued into the new year, being more marked in some countries than in others and varying from commodity to commodity.

Rationing of the products in which we are interested has now been abolished in every country in which we trade except the United Kingdom, Austria, Finland and Israel. The process of removing price controls continued throughout the year.

FINANCE AND DEVELOPMENT

It is stated above that Fl. 250,786,000 was raised by capital issues in the Netherlands and in the United Kingdom. Of that sum Fl. 92,937,000 had been received in cash before the end of the year, the balance being received at the beginning of 1952.

Larger physical stocks, increased volume of sales and higher prices, particularly in the case of the United Africa Group, caused working capital requirements to increase considerably. The aggregate amount invested in stocks and debtors rose from Fl. 2,409,182,924 to

Fl. 3,261,363,056. If, however, the lower price level now prevailing is maintained requirements for working capital will decrease.

Capital expenditure throughout the year, including money spent on replacements, was some Fl. 299,580,000, towards which Fl. 158,196,000 has been set aside out of profits as depreciation on a replacement basis.

In the Netherlands a new plant for the manufacture of synthetic detergents is under construction and the oil mills at Zwijndrecht and the margarine works at Rotterdam are being modernised and expanded. The new factory in Los Angeles is working satisfactorily and is the most modern soap plant in the organisation. The opening of our new offices in New York took place at the end of April, 1952. In the United Kingdom the plant for the production of petroleum cracking catalysts, constructed at a cost of Fl. 10 million, went into operation on the scheduled date. The new saw mill in the Gold Coast began working in March, 1951. The manufacture of edible products at our new factory in Pakistan started early in 1952 though the soap plant will not be ready until 1953. Production of edible products at the factory in Malaya began in May, 1952, and it is expected that soap production will start in the autumn. The new plant in Turkey for making edible products should be opened later this year. In the United States work on the new plant for synthetic detergents at St. Louis continues. The soap factory in Portugal was completed early in 1952. The expansion of the capacity of our plants in various parts of Europe and in Indonesia, South Africa, the Belgian Congo, Nigeria and Rhodesia has been put in hand. Three edible fat factories were acquired in India in the course of 1951. The new research laboratories near New York, built at a cost of \$ 3½ million, will be ready in the middle of this year. Plans have been made to house the existing research units in the Netherlands in new laboratories at Vlaardingen and provide for their expansion.

RAW MATERIALS

World production of oils and fats in 1951 was slightly higher than in 1950 and nearly two million tons greater than before the war. On the other hand, the world population is greater by 14% and so, although world production exceeded the pre-war total by about 8%, the quantity available per capita was still 0.5 kg. per annum below the pre-war level of 10.1 kgs. Exports finding their way into international trade increased substantially from 5,450,000 tons in 1950 to 5,700,000 tons, not far off the quantity which entered world trade before the war.

The change in raw material prices from a rising to a falling tendency, which occurred during the second quarter, and the continuance of this tendency after the close of the year are well illustrated by the following table which shows the prices per ton at various dates.

	Mid 1950	Jan. 1951	Peak 1951 *)	End 1951	Apr. 1952
	£	£	£	£	£
Copra Straits	78	117	145	88	60
Whale Oil	100	128	175	120	80
Palm Oil Congo	89	167	207	112	72
Tallow New York	40	135	146	58	40
Cotton Oil New York	113	195	213	122	98

*) The peak prices for copra, tallow and cotton oil were reached in February, for palm oil in March and for whale oil at the end of May.

SALES

The comparative values of our sales other than those of the United Africa Group, which are given on page 14, are summarised below. When considering the volume of our sales, it should be remembered that during 1951 the value of money continued to decrease and that the year 1950, during which trade in so many parts of the world was greatly influenced by the fear of war, was exceptional.

	1949	1950	1951
	Fl.	Fl.	Fl.
Europe	5,223,102,000	6,451,862,000	7,939,334,000
N. & S. America	1,064,894,000	1,549,705,000	1,631,538,000
Africa, Middle East and Australasia	263,222,000	284,173,000	341,544,000
Orient, excluding China	418,886,000	482,609,000	624,366,000

As mentioned before, sales have been less influenced by rationing and price controls than at any time since 1939. In some countries, however, we are still seriously handicapped. The inelasticity of the systems of price control in Australia and New Zealand, where raw material prices were still rising, is an outstanding example. Owing to the slowness of Government procedure for dealing with applications for price increases, it was usually found that, by the time an application had been granted, further inflation had already made the new price out-of-date. Such a system makes it impossible to operate with a reasonable return for the capital and energy employed.

MARGARINE AND EDIBLE FAT PRODUCTS

Total sales of margarine and edible fats for the year constituted a new record. Butter prices remained universally high and in consequence there was everywhere a consistently increased demand for margarine.

In the Netherlands there was keen competition. In spite of the reduction of Government subsidies and increased prices resulting therefrom, we were able to maintain the volume of sales. In Western Germany, Government subsidies were abolished, but the price level was maintained. Sales in that country as well as in France and all the Scandinavian countries were well in excess of those for 1950.

In the United Kingdom the industry has continued under Government control. Rations varied with the availability of butter and the total quantity of margarine sold was higher than in the previous year. We were not able to secure the Government's agreement to the introduction of branded margarine and had to continue the manufacture of a standard product.

Demand in the United States for coloured margarine is steadily increasing and gradually more States are abolishing restrictions on its sale. Our own margarine sales in that country have made progress and we increased our share of an expanding trade. The business in Canada continues to develop satisfactorily.

In South Africa sales were still handicapped by Government regulations which prohibit the colouring of margarine. The steady increase in the demand for edible fats in the East, particularly in India, was maintained.

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

1949	1950	1951
981,000	1,117,000	1,167,000

DETERGENTS

Sales for the first nine months of the year were ahead of those in any corresponding period. Changed conditions, to which reference has been made at the beginning of this review, seriously affected demand towards the end of the year. As a result the total sales for the year could only just be maintained on approximately the same level as those in 1950. It will, however, be remembered that these were the highest ever achieved.

The principal development in the detergent field was the increase in the consumption of synthetic detergents. In the United States it is estimated that more than one-third of the detergents consumed are synthetic. In the United Kingdom consumption is still increasing but is handicapped by the shortage of suitable ingredients. We continued our policy of expanding in this field by introducing new synthetic powders in Belgium and Denmark, and liquid detergents in a number of other countries. In Canada and the United States, France, the Netherlands, Sweden, Switzerland and Western Germany where we have already established brands, sales increased.

We continued with the reintroduction of pre-war brands of toilet soaps and introduced new lines with success in the Netherlands, the United Kingdom, Western Germany and Sweden. The improved standard of living in tropical countries has led to an increase in the demand for better quality household soaps and for toilet soaps. In many places the demand for the latter is now sufficient to justify their local manufacture, and we are installing the necessary plant. Soap sales in the Far East reached record figures.

The demand for soap powders was particularly good in the United Kingdom, Belgium and France.

Total sales of detergents in metric tons in comparison with earlier periods were:—

1949	1950	1951
1,054,000	1,239,000	1,217,000

TOILET PREPARATIONS

There was again an increase in the volume and value of sales of toilet preparations. We continued the policy of extending the areas covered by world brands of toothpaste such as "Pepsodent" and "S.R.," and in the United States successfully introduced "Chlorodent," a new toothpaste containing chlorophyll. Sales of toilet articles and cosmetics in the United States showed a very healthy trend and were considerably higher than in any previous year.

Sales of shampoos developed satisfactorily, the cream type of shampoo gaining popularity in a number of countries.

The Atkinson's businesses made good progress in Brazil and Italy but in the Argentine restrictions on the importation of essential oils kept production considerably below demand.

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

1949	1950	1951
Fl. 164,165,000	Fl. 185,583,000	Fl. 213,119,000

FOODS

The food businesses had a good year and efforts for expansion in this field are being intensified. The most notable development was the expansion of our trade in dried soups. Originally developed in America by the Lipton company, who first introduced chicken noodle soup, this type of product is being sold successfully in the Netherlands, Belgium, France, Sweden, the United Kingdom, Australia and Canada. Other kinds of dried soups are being developed and we have plans to extend the trade to other countries.

The Lipton tea business in the United States did well. The meat trade in Holland both for home consumption and export showed good results. The processed cheese business in Western Germany improved its position under conditions of keen competition.

In the United Kingdom, T. Wall & Sons' ice cream business established new records in sales and results. Our ice cream business in Western Germany is still modest but is beginning to develop. Birds Eye, our quick freezing business in the United Kingdom, had an excellent year; sales of established vegetable products increased considerably and new lines, including fish and poultry, proved a success. Progress in this type of business was also made in Australia and New Zealand. Although handicapped by shortage of cans, Batchelors Peas in the United Kingdom were able to maintain the volume of their sales by increased sales of dried peas and the development of new products such as chicken noodle soup. Our businesses in the fish trade in the United Kingdom and Western Germany showed good results.

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

1949	1950	1951
Fl. 581,816,000	Fl. 746,609,000	Fl. 1,024,930,000

OIL, CAKE AND MEAL

In the Netherlands our crushing and extraction plants were busy throughout the year and sales of compound cattle foods were satisfactory. In the United Kingdom the industry continued to operate under Ministry control. The quantity of seed processed was smaller than last year because of the poor West African groundnut crop in 1950. Turnover in animal feeding stuffs was again increased, the fall in the sale of cattle foods brought about by a reduction of the ration being more than offset by the increase in the sales of pig and poultry foods, for which the rations were raised. The oil-milling interests in Western Germany continue to be among the most important which we hold in this field and their financial results were more satisfactory than they had been for some time. In France, severe competition was experienced both in the oil and cattle cake businesses but sales were well maintained. In Norway, oil hardening and refining plants were kept working at full capacity throughout the year. The results were satisfactory and further progress was made with modernising the plant at Fredrikstad, which should be completed in 1952. In the Philippines the throughput of the oil mill increased. Though the mill operated efficiently the heavy falls in the price of copra during the last nine months of 1951 resulted in inventory losses and the overall result was unfavourable.

EXPORT

World conditions favoured the export trade, largely because the high level of commodity prices had increased the purchasing power in the hands of overseas consumers.

There was a substantial increase in exports from the Netherlands. The value of meat exports was once again double that of the previous year. There was also a marked rise in the volume and value of exports of edible fats, soap and other foods, and of crude and refined oils.

The total value of the export trade from the Netherlands, including exports by the United Africa Group, rose from Fl. 150,987,000 in 1950 to Fl. 250,008,000 in 1951.

Exports from the United Kingdom in both volume and value were also substantially greater than those of 1950 which itself had been a record year. There was an increase in practically every category. It was greatest in the merchandise exports of the United Africa Group, and in exports of soap and toilet preparations. There was also a substantial increase in our trade in chemicals, oils and fatty acids, fish and quick frozen products.

The total value of our exports from the United Kingdom, including exports by the United Africa Group, rose from Fl. 289,674,000 in 1950 to Fl. 397,883,000 in 1951.

UNITED AFRICA GROUP

Trading conditions in all the territories in which the Group operates remained favourable. There was more money in circulation and the total value of merchandise sales and produce handled, including services, increased by 31%.

In the whole area from the Senegal to the Belgian Congo the main crop tonnages and the amounts received for them by the producers were:—

	1949		1950		1951	
	Tons	£m.	Tons	£m.	Tons	£m.
Groundnuts	706,000	22	576,000	19.7	705,000	43.7
Palm Oil	303,000	12.5	303,000	17.2	280,000	26.1
Palm Kernels	654,000	17	648,000	19.7	603,000	25.2
Cocoa	433,000	41.3	437,000	54.3	442,000	67.4
	<u>2,096,000</u>	<u>92.8</u>	<u>1,964,000</u>	<u>110.9</u>	<u>2,030,000</u>	<u>162.4</u>

The yields of food crops were generally good and over much of the area in which the Group operates there was a fall in the prices of many local foodstuffs.

The comparative values of merchandise sold, produce handled and services supplied by the Group were:—

	1949	1950	1951
	Fl.	Fl.	Fl.
Merchandise	827,813,000	953,110,000	1,237,208,000
Produce	673,438,000	752,078,000	984,498,000
Services	50,189,000	48,039,000	67,468,000
	<u>1,551,440,000</u>	<u>1,753,227,000</u>	<u>2,289,174,000</u>

MERCHANDISE

The supply of merchandise was uncertain and prices fluctuated. With the announcement of the British rearmament programme and the reimposition of controls on the uses of certain metals, suppliers became for a time reluctant or unable to accept orders for a number of the goods in which the Group deals and cost prices increased. Corresponding increases in selling prices in the African market which, as usual, was slow to adjust itself to the higher price levels, resulted in a drop in sales.

Later in the year, however, when it came to be realised that the full impact of re-armament would be spread over a longer period than had been expected, supplies became easier and cost prices dropped. Selling prices in Africa then tended to level off and in fact never truly reflected the increased cost prices of the early part of the year.

Freer supply of goods, the action of the leading importers, in co-operation with Government, in selling certain goods at uneconomic prices, and the importation of substantial tonnages of cereals on Government account, all helped to shield the African market from the major fluctuations of price in world markets.

The general purchasing power, in the maintenance of which public expenditure continued to be an important factor, showed a marked increase in the closing months of the year as a result of the rise in prices paid to local producers and merchandise sales rose to new high levels. The increase was particularly marked in the French territories where sales rose by 40%.

SHIPPING

The shipping business had a difficult year. At the beginning of the year charter freight rates rose sharply, partly as a result of the British Government requiring ships for the carriage of coal from the United States. The rise was so steep that the average charter rate increased from 13/- per dead weight ton per month for the last six months of 1950 to 51/6d. for the last six months of 1951. A surcharge had therefore to be imposed on all cargo to meet the additional cost of providing ships for the West African trade. Both in the United Kingdom and in West Africa the delay in the turnround of ships increased still further, but despite this the fifteen vessels owned by the Palm Line carried a slightly greater total tonnage. The fleet was fully employed and continued to operate satisfactorily.

The river fleet, which had a satisfactory year's operations on the Niger and Benue rivers, was increased by the addition of two new vessels equipped for "push towing".

The new installations of Huileries du Congo Belge on the Congo River at Leopoldville were completed in the second half of the year. They include a wharf, warehouse and silos for the storage of palm kernels in bulk, and it will now be possible to transport palm kernels in bulk by barge from the production point to Leopoldville, thence by rail to Matadi and by ocean steamer from Matadi to the mills in Europe.

PLANTATIONS

A further 700 ha, including 300 ha of coffee, were planted during the year, bringing the total planted area to 56,300 ha. The new plantings are all in the Belgian Congo.

In the Belgian Congo and Nigeria the oil palm plantation results were above average. Yields increased and the total production of palm oil was 52,450 tons in the Congo and 8,068 in Nigeria.

In Malaya oil palm plantations in general had a disappointing year and the Group's plantations were no exception.

The rubber plantations in Nigeria produced a satisfactory crop of over 1,400 tons, and the Congo estates, which are just beginning to come into production, produced 417 tons.

The banana plantation at Bwinda, in the British Cameroons, shipped a record total of 218,000 green stems. Steady progress was made in the development of the 2,800 ha estate at Lobe, in the same territory, where some 200 ha have been planted.

Research on the improvement of soil fertility, the prevention of disease and the increase of crop yields continues and positive results are beginning to materialize.

TIMBER

In Nigeria the log business was hampered by the after-effects of a strike at the end of 1950 and later by transport difficulties. The total production of logs showed a decrease of 8% on last year's figure. Exports, however, were only slightly below the record tonnage of last year and the output of sawn timber rose by 20%. The output of plywood increased by 25%.

In the Gold Coast 25,500 tons of logs were extracted from the forests and of these about one quarter was exported as logs, the balance being used in the new sawmill, which started production in March.

OTHER INTERESTS

Total sales of chemicals produced by Joseph Crosfield & Sons Limited reached record figures and the business of Price's (Bromborough) Limited in stearine, oleine and allied products again had a good year.

Our interests in vitamin production showed satisfactory results.

The results for the paper businesses in Western Germany, including export of parchment, were again good. Our interests in the paper industry in other countries yielded increased profits.

Factories for packing materials and printing works contributed their full share to the results. The shipping interests of the Continental companies did well and operated on a larger scale than ever before.

RESEARCH

The scope of the Unilever research organisation has been expanded to meet the added needs of the business as it continues to develop.

As already mentioned, plans are going forward for the consolidation and expansion of the research department in the Netherlands and for its housing in a new building. This department is primarily concerned with the margarine and edible fats side of our business.

The new food research department in the United Kingdom came into full operation during the year and is already proving its value.

In the research department at Port Sunlight certain changes are being carried out designed to place greater emphasis on development work.

For some time past the need has been felt for a special laboratory to serve our growing interests in the toilet preparations businesses and plans have now been formulated for the establishment of one in the London area.

We have reorganised the research establishment in America and, as stated earlier, have erected a new building in the neighbourhood of New York. This will make it possible to bring together under one roof research units which hitherto operated separately, and add momentum to research effort in the United States.

In addition to the three main centres of research—the Netherlands, the United Kingdom and America—we have also units in other countries to meet special needs.

MEMBERSHIP

It is not possible to give the number of N.V. shareholders as almost the whole of the share capital of that Company is in bearer form. At 31st December 1951 the number of stockholders in LIMITED was 192,059.

DIRECTORS

Mr. Arthur Hartog and Mr. Rowland Huntly Muir retired from the Board on the 31st December 1951, the former because of ill-health and the latter having reached retirement age; their many years of outstanding service to the Company are recorded with thanks.

All the Directors retire in accordance with Article 15 of the Articles of Association and, being eligible, offer themselves for re-election.

AUDITORS

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

ROTTERDAM, 21st May 1952.

ON BEHALF OF THE BOARD,

PAUL RIJKENS, *Chairman.*

GEOFFREY HEYWORTH, *Vice-Chairman.*

CHARTS

Overleaf are four charts illustrating some aspects of the Group's turnover and financial position during the past six years.

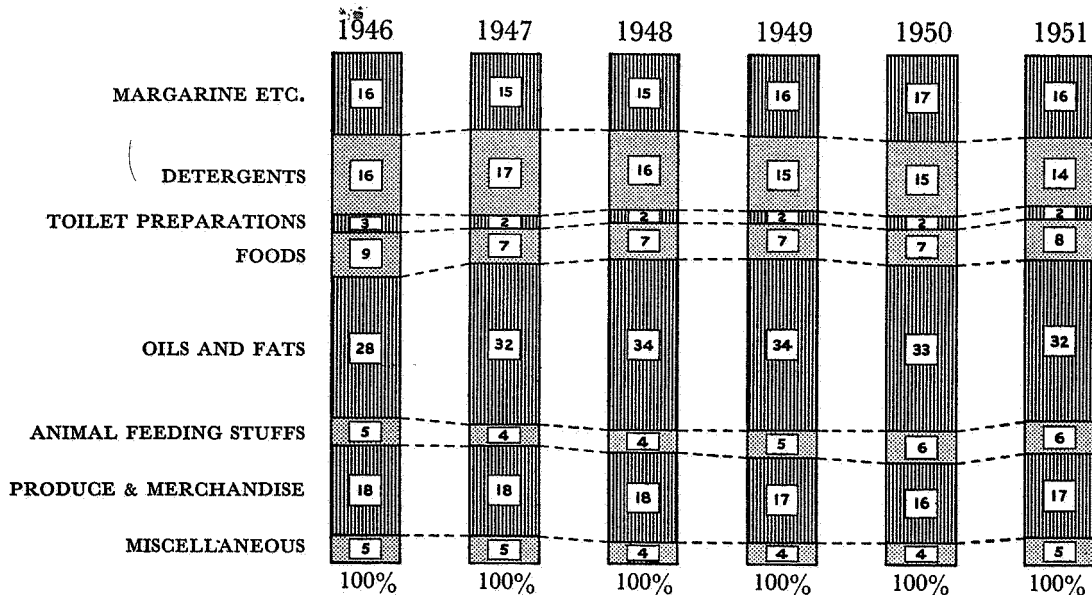
It is of interest to note that during the post-war period, although different parts of our business have been subject to varying economic disturbances and forms of control, the commodity pattern and the geographical division of the turnover have remained constant.

The financial charts show the effect of high taxation in all countries, the ever increasing need for further capital and the high proportion of profits retained. Financial requirements have grown each year and have reached a total of Fl. 2,057,000,000 for the six years 1946—1951. All the additional finance required for working capital and Fl. 318,000,000 of that required for additions to and replacements of fixed assets, or 68% of the total, has been provided from the proceeds of current operations.

N.V. AND LIMITED GROUPS

TURNOVER BY COMMODITIES

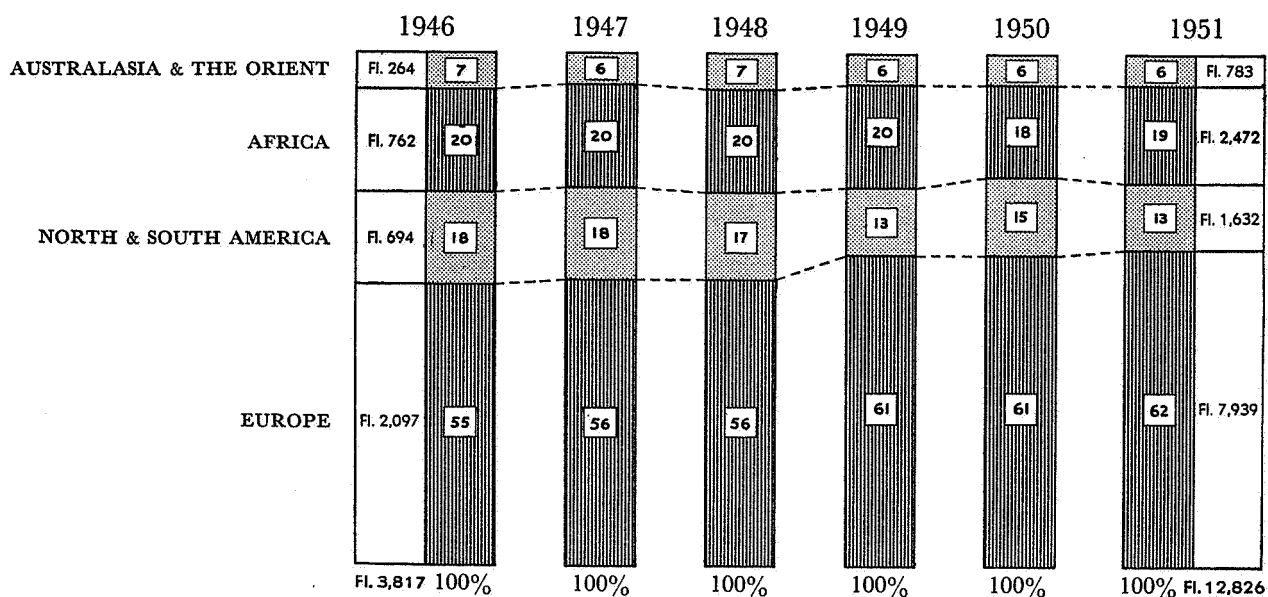
Figures in bars are percentages of money value of turnover



TURNOVER BY GEOGRAPHICAL AREAS

In the outer columns for 1946 and 1951 the money value of turnover is shown in Fl. millions.

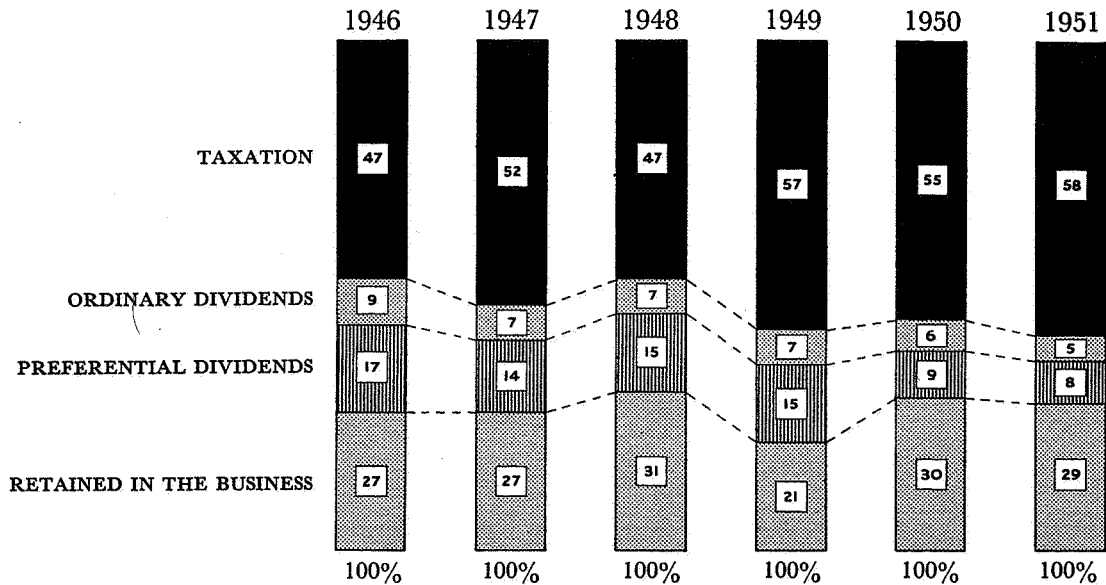
The figures in the other bars are percentages of money value of turnover.



N.V. AND LIMITED GROUPS

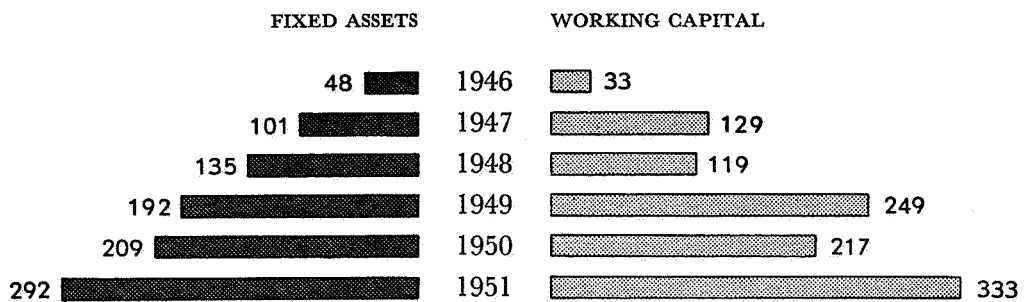
DIVISION OF PROFITS

Figures in bars are percentages.



Amounts set aside to stock reserves have been included as profits but exchange profits have been eliminated.

ADDITIONAL FINANCE REQUIRED—IN FL. MILLIONS



TOTAL LAST SIX YEARS—FL. 2,057 MILLIONS



HOW THIS FINANCE WAS PROVIDED



Share & Loan Capital incl. Premiums

Depreciation & Replacement Reserves

Revenue Reserves & Profits Retained

32% NEW MONEY

68% FROM EARNINGS

STATEMENT A

CONSOLIDATED

UNILEVER N.V. AND UNILEVER

In considering this Statement, it should be borne in mind

Figures in red

31st December 1950			CAPITAL EMPLOYED	31st December 1951		
N.V.	LIMITED	Combined		N.V.	LIMITED	Combined
Fl.	Fl.	Fl.		Fl.	Fl.	Fl.
213,136,000	598,965,511	812,101,511	(i) PREFERENTIAL CAPITAL—PARENT COMPANIES	213,136,000	598,965,511	812,101,511
169,616,000	145,704,245	315,320,245	(ii) ORDINARY CAPITAL AND RESERVES—	212,620,000	182,130,306	394,750,306
275,786,259	249,116,832	524,903,091	(a) Ordinary Capital—Parent Companies	312,250,598	294,568,900	606,819,498
235,729,693	603,066,134	838,795,827	(b) Capital Reserves	274,912,721	729,370,435	1,004,283,156
—	127,680,000	127,680,000	(c) Revenue Reserves and Exchange Surpluses	—	151,620,000	151,620,000
681,131,952	1,125,567,211	1,806,699,163	(d) Future United Kingdom taxation	799,783,319	1,357,689,641	2,157,472,960
51,303,991	143,361,519	194,665,510	ORDINARY SHAREHOLDERS' FUNDS—	68,110,650	149,891,448	218,002,098
344,735,425	128,371,547	473,106,972	PARENT COMPANIES	339,339,376	283,537,667	622,877,043
118,945,752	118,945,752	—	(iii) OUTSIDE SHAREHOLDERS' INTERESTS IN SUBSIDIARIES	115,522,736	115,522,736	—
1,409,253,120	1,877,320,036	3,286,573,156	(iv) LOAN CAPITAL	1,535,892,081	2,274,561,531	3,810,453,612
			(v) N.V./LIMITED INTER-GROUP ITEMS			
			EMPLOYMENT OF CAPITAL			
271,877,573	395,077,777	666,955,350	(vi) PREMIUMS, less discounts, at which shares in subsidiaries are held, including Goodwill	260,805,442	394,734,446	655,539,888
727,618,780	796,732,648	1,524,351,428	(vii) LAND, BUILDINGS, PLANTATIONS, SHIPS, PLANT AND EQUIPMENT	908,346,322	937,654,075	1,846,000,397
246,099,829	289,307,814	535,407,643	Less: Provision for depreciation....	309,473,906	330,167,457	639,641,363
753,396,524	902,502,611	1,655,899,135	(viii) INTERESTS NOT CONSOLIDATED.....	859,677,858	1,002,221,064	1,861,898,922
71,206,883	—	71,206,883	(ix) TRADE INVESTMENTS.....	68,852,573	—	68,852,573
25,028,182	41,381,524	66,409,706	FIXED ASSETS	17,696,280	39,055,407	56,751,687
849,631,589	943,884,135	1,793,515,724	(x) CURRENT ASSETS—	946,226,711	1,041,276,471	1,987,503,182
687,369,688	834,931,355	1,522,301,043	(a) Stocks	1,024,920,844	1,234,559,328	2,259,480,172
306,517,378	580,364,503	886,881,881	(b) Debtors and payments in advance	348,997,482	652,885,402	1,001,882,884
—	51,604,000	51,604,000	(c) Instalment on Ordinary Shares and Debentures.....	56,592,830	101,256,932	157,849,762
186,621,843	18,248,760	204,870,603	(d) Short term investments	22,785,527	17,400,550	40,186,077
147,608,423	133,971,783	281,580,206	(e) Cash and bank balances.....	118,468,141	146,040,022	264,508,163
1,328,117,332	1,619,120,401	2,947,237,733	(xi) CURRENT LIABILITIES—	1,571,764,824	2,152,142,234	3,723,907,058
291,894,204	336,617,021	628,511,225	(a) Creditors and accrued liabilities	428,598,132	391,027,405	819,625,537
224,636,202	128,919,379	353,555,581	(b) Short term borrowings.....	320,998,466	266,731,085	587,729,551
223,603,302	194,059,534	417,662,836	(c) Taxation and contingencies....	211,168,991	239,506,538	450,675,529
28,362,093	26,088,566	54,450,659	(d) Dividends—net	21,333,865	21,592,146	42,926,011
768,495,801	685,684,500	1,454,180,301		982,099,454	918,857,174	1,900,956,628
559,621,531	933,435,901	1,493,057,432	NET CURRENT ASSETS	589,665,370	1,233,285,060	1,822,950,430
1,409,253,120	1,877,320,036	3,286,573,156		1,535,892,081	2,274,561,531	3,810,453,612

LIMITED AND THEIR SUBSIDIARIES

that there are restrictions on transfer of some currencies.
represent deductions.

NOTES

The guilder equivalents of all LIMITED figures have been calculated at the rate of £1 = Fl. 10.64.

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

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

Current assets and liabilities—at the rates ruling at the date of the balance sheets.

- (ii) (a) The Ordinary Capital was increased during 1951 by the issue of shares of a nominal value of N.V. Fl. 43,004,000, LIMITED £3,423,502 (Fl. 36,426,061). These shares rank *pari passu* with the ordinary capital previously in issue, except that they do not participate in dividends in respect of 1951.
- The Equalisation Agreement provides that the relationship between the ordinary capitals of LIMITED and N.V., for dividend purposes and on liquidation, shall be based on a rate of £1 = Fl. 12.
- (b) and (c) Details are given on Statement D. The capital reserves of N.V. are subject to any losses that may arise on interests not consolidated, Fl. 68,852,573 referred to under (viii) below.
- (iv) The increase in LIMITED arises mainly from the issue of £14,000,000 4% Debenture Stock 1960/80 by the Parent Company.
- Loan Capital is secured to the extent of N.V. Fl. 10,787,787, LIMITED Fl. 256,971,886.
- (v) This is the net balance of several accounts and incorporates loans of £11,500,000 by the LIMITED Group to the N.V. Group which are secured on shares of subsidiaries of N.V.
- (vi) During the year majority interests were acquired in companies, the minority interests in which were previously included under Trade Investments. The decrease in premiums mainly arises from the consolidation of these new subsidiaries.
- (vii) Details are given on Statement E.
- (viii) This comprises interests in Czechoslovakia, Yugoslavia, Roumania, Poland, Hungary and China.
- (ix) This includes interests in companies in which 50% of the ordinary capital is owned, and other investments not held for sale.
- The reductions during the year reflect changes referred to in Note (vi) above.
- In LIMITED, trade investments are shown at net book value at 31st December 1947, with additions at cost, less Fl. 863,596 written off since that date.
- (x) (c) N.V. — This represents the subscription price of the new Ordinary Shares received in 1952. LIMITED — Fl. 32,735,332 represents instalments on the new Ordinary Shares and Fl. 68,521,600 the final instalment on the 4% Debenture Stock received in 1952.
- (d) This item comprises quoted investments, N.V. Fl. 21,115,274, LIMITED Fl. 15,740,327 — market value, N.V. Fl. 26,140,722, LIMITED Fl. 14,703,852 — and unquoted investments, N.V. Fl. 1,670,253, LIMITED Fl. 1,660,223.
- (xi) (b) In the case of the N.V. Group, these are secured to the extent of Fl. 26,624,030.
- (c) In LIMITED, taxation includes the United Kingdom profits tax liability on the profits of 1951 and the proposed distributions.

GENERAL.

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

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

The estimated commitments for capital expenditure at 31st December, 1951, were approximately—
N.V. Fl. 82,000,000, LIMITED Fl. 106,000,000.

STATEMENT B
CONSOLIDATED PRO
UNILEVER N.V. AND UNILEVER

*In considering this Statement, it should be borne in
Figures in red*

1950				1951		
N.V.	LIMITED	Combined		N.V.	LIMITED	Combined
Fl.	Fl.	Fl.		Fl.	Fl.	Fl.
329,100,433	365,148,287	694,248,720	(i) BALANCES FROM TRADING ACCOUNT.....	287,079,302	448,024,119	735,103,421
41,773,444	41,768,267	83,541,711	(a) Provision for depreciation.....	53,964,716	49,807,010	103,771,726
24,400,000	28,196,000	52,596,000	(b) Reserves for replacement of fixed assets	24,100,000	30,324,000	54,424,000
721,143	1,778,455	2,499,598	(c) Emoluments of Directors.....	775,364	1,898,836	2,674,200
101,288	301,112	402,400	(d) Pensions to former Directors	101,288	283,471	384,759
262,104,558	293,104,453	555,209,011	(II) TRADING PROFIT.....	208,137,934	365,710,802	573,848,736
1,420,716	7,022,007	8,442,723	(III) INCOME FROM TRADE INVESTMENTS.....	1,657,465	9,482,389	11,139,854
20,000,000	7,980,000	27,980,000	(IV) RESERVES FOR STOCKS	—	31,920,000	31,920,000
3,496,751	891,813	4,388,564	(V) EXCEPTIONAL ITEMS.....	5,561,597	1,493,260	7,054,857
10,218,507	1,006,310	11,224,817	(VI) INTEREST ON LOAN CAPITAL	10,652,694	5,042,274	15,694,968
412,789	412,789	—	(VII) INTER-GROUP INTEREST	365,537	365,537	—
229,397,227	290,661,126	520,058,353	(VIII) PROFIT BEFORE TAXATION	204,338,765	340,089,714	544,428,479
			(IX) TAXATION			
138,838,378	174,262,622	313,101,000	(a) On profit of the year including foreign taxes	133,576,173	218,590,320	352,166,493
2,751,854	7,541,494	10,293,348	(b) Adjustments relating to previous years	6,002,998	14,092,669	20,095,667
136,086,524	166,721,128	302,807,652		127,573,175	204,497,651	332,070,826
93,310,703	123,939,998	217,250,701	(X) PROFIT AFTER TAXATION.....	76,765,590	135,592,063	212,357,653
5,759,194	6,917,554	12,676,748	(XI) PROPORTION ATTRIBUTABLE TO OUTSIDE SHAREHOLDERS' INTERESTS IN SUBSIDIARIES.....	5,362,482	6,562,560	11,925,042
87,551,509	117,022,444	204,573,953	(XII) CONSOLIDATED NET PROFIT	71,403,108	129,029,503	200,432,611

LIMITED AND THEIR SUBSIDIARIES

*mind that there are restrictions on transfer of some currencies.
represent deductions.*

NOTES

The guilder equivalents of all LIMITED figures have been calculated at the rate of £1 = Fl. 10.64.

Foreign currencies have been converted into guilders or sterling at the average rates of the year.

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

- (i) (b) The amounts set aside to the reserves for replacement of fixed assets are explained in the Directors Report.
- (c) These amounts comprise salaries and pension fund contributions of the Directors of the Parent Companies, all of whom devote their full time to the business. No Directors' fees are paid.
- (ii) Trading profit includes income from quoted investments N.V. Fl. 492,403 (Fl. 141,010), LIMITED Fl. 388,520 (Fl. 326,222).
- (v) The figures for 1951 for N.V. include profit on sale of investments, Fl. 3,252,914.
- (ix) In LIMITED taxation comprises United Kingdom income and profits tax of Fl. 181,812,234, less foreign tax relief of Fl. 62,537,026 and foreign taxes of Fl. 85,222,443. The additional profits tax on distributions declared and proposed is included.
- (xii) The profits shown at (viii), (x) and (xii) are after setting aside reserves for replacement of fixed assets and for stocks.
-

STATEMENT C
APPROPRIATION
UNILEVER N.V. AND UNILEVER

*In considering this Statement, it should be borne in
 Figures in red*

1950				1951		
N.V.	LIMITED	Combined		N.V.	LIMITED	Combined
Fl.	Fl.	Fl.		Fl.	Fl.	Fl.
87,551,509	117,022,444	204,573,953	CONSOLIDATED NET PROFIT (Statement B)	71,403,108	129,029,503	200,432,611
11,578,160	46,255,368	57,833,528	PREFERENTIAL DIVIDENDS OF PARENT COMPANIES ..	11,578,160	46,255,400	57,833,560
—	20,814,564	20,814,564	<i>Less: United Kingdom income tax</i>	—	21,970,504	21,970,504
11,578,160	25,440,804	37,018,964		11,578,160	24,284,896	35,863,056
75,973,349	91,581,640	167,554,989	PROFIT ACCRUING TO ORDINARY AND DEFERRED CAPITAL	59,824,948	104,744,607	164,569,555
			ORDINARY AND DEFERRED DIVIDENDS OF PARENT COMPANIES—			
20,641,920	19,670,072	40,311,992	Ordinary (N.V. 12%; LIMITED 13.5%)	20,641,920	19,670,072	40,311,992
—	63,840	63,840	Deferred	—	63,840	63,840
—	9,373,606	9,373,606	<i>Less: United Kingdom income tax</i>	—	9,373,606	9,373,606
20,641,920	10,360,306	31,002,226		20,641,920	10,360,306	31,002,226
55,331,429	81,221,334	136,552,763	PROFIT RETAINED	39,183,028	94,384,301	133,567,329

REPORTS OF
N.V. GROUP

TO THE MEMBERS OF UNILEVER N.V.

We have examined the accounts set out in Statements A to F. We have not audited the accounts of some of the subsidiaries but these have been audited either by other public accountants or by the Group's internal audit staff.

Sufficient information is not available to enable us to estimate the extent to which the reserves may be required to write down interests in subsidiaries not consolidated which are included in the accounts at Fl. 68,852,573 and are referred to in note II on statements A and F. As in past years the company's net profit Fl. 38,914,579 shown in the note on statement C has been arrived at after crediting dividends from its direct subsidiaries which are represented in part by profits of their subsidiaries capitalised by them as bonus shares or retained and not declared as dividend. Subject to the foregoing remarks, we have obtained all the information and explanations which we considered necessary and it is our opinion that, in conjunction with the relative notes, the said accounts give a true and fair view of the state of the company's affairs as at 31st December, 1951, and of its profit for the year 1951 after making the transfers to reserves referred to in note XII on statement B.

21st May, 1952.

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

OF PROFITS

STATEMENT C

LIMITED AND THEIR SUBSIDIARIES

*mind that there are restrictions on transfer of some currencies.
represent deductions.*

NOTES

The guilder equivalents of all LIMITED figures have been calculated at the rate of £1 = Fl. 10.64.

The net profits of the Parent Companies are:—

1950		1951	
Fl.		Fl.	
40,429,621	N.V.	38,914,579	
62,277,921	LIMITED	63,511,692	

The above profits include revenue from subsidiaries to the extent to which profits of direct subsidiaries have been declared as dividends. A number of direct subsidiaries are themselves holding companies. The results of these companies incorporate the results of their subsidiaries as if they had distributed all their profits to their holding companies. Dividends declared by direct subsidiaries may therefore be represented partly by dividends, including stock dividends, from their subsidiaries and partly by profits retained by those subsidiaries.

Profit retained is represented by additions to:—

1950				1951		
N.V.	LIMITED	Combined		N.V.	LIMITED	Combined
Fl.	Fl.	Fl.		Fl.	Fl.	Fl.
6,947,629	22,892,088	29,839,717	General Reserves of Parent Companies	5,000,000	20,146,042	25,146,042
1,261,912	3,584,723	4,846,635	Profits carried forward by Parent Companies	1,694,499	8,720,448	10,414,947
47,121,888	54,744,523	101,866,411	Profits retained by subsidiaries	32,488,529	65,517,811	98,006,340
55,331,429	81,221,334	136,552,763		39,183,028	94,384,301	133,567,329

THE AUDITORS

LIMITED GROUP

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

TO THE MEMBERS OF UNILEVER LIMITED.

We have examined the balance sheet of the company set out in statement G, which is in agreement with the books of account, and the consolidated accounts of the company and its subsidiaries set out in statements A to E. Proper books of account have been kept by the company. The accounts of some of the subsidiaries have not been audited by us and those of a group of major importance having interests in Africa, audited as at 31st August, 1951, are estimated accounts based on unaudited returns at 31st December, 1951. We have obtained all the information and explanations which we considered necessary and it is our opinion that, in conjunction with the relative notes, the accounts give in the prescribed manner the information required by the Companies Act, 1948.

We are of the opinion that in conjunction with the relative notes the balance sheet of the company gives with the consolidated accounts a true and fair view of the state of its affairs at the 31st December, 1951, and the consolidated accounts give, from the standpoint of the members of Unilever Limited, a true and fair view of the state of affairs at that date of the company and its subsidiaries and of their profit for the year 1951 after making the transfers to reserves mentioned in note XII on statement B.

21st May, 1952.

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

STATEMENT D
CAPITAL AND REVENUE RESERVES AND EXCHANGE SURPLUSES
Representing a consolidation of the figures of N.V. and LIMITED and their subsidiaries.

31st December 1950			* §	31st December 1951		
N.V.	LIMITED	Combined		N.V.	LIMITED	Combined
Fl.	Fl.	Fl.		Fl.	Fl.	Fl.
CAPITAL RESERVES						
71,580,985	76,811,298	148,392,283	Premiums on Capital issued by the Parent Companies	83,640,305	87,148,165	170,788,470
56,022,962	17,759,873	73,782,835	Surplus on valuation of shares in subsidiaries and trade investments	56,022,962	17,759,873	73,782,835
93,037,404	145,708,639	238,746,043	Fixed assets replacement	117,442,423	180,622,118	298,064,541
55,144,908	8,837,022	63,981,930	Other	55,144,908	9,038,744	64,183,652
275,786,259	249,116,832	524,903,091		312,250,598	294,568,900	606,819,498
REVENUE RESERVES AND EXCHANGE SURPLUSES						
Parent Companies						
50,000,000	223,440,000	273,440,000	General reserves	55,000,000	250,040,000	305,040,000
15,489,247	45,208,424	60,697,671	Profits carried forward	17,183,746	53,928,872	71,112,618
133,640,446	257,277,710	390,918,156	General reserves and profits carried forward of subsidiaries and exchange surpluses	166,128,975	316,341,563	482,470,538
36,600,000	77,140,000	113,740,000	Stock reserves	36,600,000	109,060,000	145,660,000
235,729,693	603,066,134	838,795,827		274,912,721	729,370,435	1,004,283,156

Revenue reserves and exchange surpluses cannot be remitted to the extent that they comprise (a) substantial amounts retained by subsidiaries to finance fixed assets or working capital or because of currency and other restrictions, and (b) exchange surpluses arising on consolidation estimated at approximately Fl. 40,000,000 for N.V.

EXPLANATIONS OF INCREASES
PREMIUMS ON CAPITAL ISSUED BY THE PARENT COMPANIES

Details are shown on Statements F and G.

FIXED ASSETS REPLACEMENT RESERVE

These consist mainly of the Parent Companies' proportions of the amounts set aside out of current revenue—N.V. Fl. 24,100,000, LIMITED Fl. 30,324,000—and surpluses on disposals of fixed assets—N.V. Fl. 546,725, LIMITED Fl. 4,323,543.

REVENUE RESERVES AND EXCHANGE SURPLUSES

General reserves of Parent Companies—

Appropriations shown on Statement C plus, in LIMITED Fl. 6,453,958 in respect of bonus shares issued by subsidiaries during the year.

Profits carried forward by Parent Companies—as shown on Statement C.

General reserves, etc., of subsidiaries—Profits retained as shown on Statement C, less the bonus shares referred to above.

Stock reserves—Transfers as shown on Statement B.

LAND, BUILDINGS, PLANTATIONS, SHIPS, PLANT AND EQUIPMENT

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

Figures in red represent deductions.

1950				1951		
N.V.	LIMITED	Combined		N.V.	LIMITED	Combined
Fl.	Fl.	Fl.	COST OR VALUATION	Fl.	Fl.	Fl.
620,817,021	689,966,643	1,310,783,664	At 1st January	780,077,181	799,112,540	1,579,189,721
138,748,676	126,525,422	265,274,098	Expenditure	147,023,210	152,556,373	299,579,583
36,956,530	17,168,683	54,125,213	Proceeds of sales	8,806,975	8,159,476	16,966,451
5,009,613	2,590,734	2,418,879	Adjustments in respect of disposals	9,947,094	5,855,362	15,802,456
727,618,780	796,732,648	1,524,351,428	At 31st December	908,346,322	937,654,075	1,846,000,397
			DEPRECIATION			
220,483,877	261,277,851	481,761,728	At 1st January	266,738,322	290,604,192	557,342,514
41,773,444	41,768,267	83,541,711	Charged to revenue	53,964,716	49,807,010	103,771,726
16,157,492	13,738,304	29,895,796	Adjustments in respect of disposals	11,229,132	10,243,745	21,472,877
246,099,829	289,307,814	535,407,643	At 31st December	309,473,906	330,167,457	639,641,363
			NET BALANCE SHEET VALUES			
241,252,947	249,867,802	491,120,749	Land, Buildings and Plantations	259,568,027	280,487,530	540,055,557
240,266,004	257,557,032	497,823,036	Ships, Plant and Equipment	339,304,389	326,999,088	666,303,477
481,518,951	507,424,834	988,943,785	At 31st December	598,872,416	607,486,618	1,206,359,034

In addition to the above provisions for depreciation, there are reserves for replacement of fixed assets amounting to N.V. Fl. 117,442,423, LIMITED Fl. 180,622,118, Combined Fl. 298,064,541.

NOTES

The differences between the balances at 31st December, 1950, and those shown for 1st January, 1951, arise mainly from the consolidation in 1951 of companies which have become subsidiaries through the acquisition during the year of small additional interests in those companies.

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

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

STATEMENT F

UNILE
BALANCE SHEET AT

Figures in red

1950		CAPITAL EMPLOYED			
Fl.	Fl.		Fl.	Fl.	Fl.
			<i>Authorised</i>	<i>Issued and fully paid</i>	
		(I) PREFERENTIAL CAPITAL—			
	29,000,000	7% Cumulative Preference	Ranking 30,000,000	29,000,000	
	109,136,000	6% Cumulative Preference	<i>pari</i> 125,000,000	109,136,000	
	75,000,000	4% Redeemable Cumulative Preference } <i>passu</i> 75,000,000		75,000,000	
213,136,000			230,000,000		213,136,000
		(II) ORDINARY CAPITAL AND RESERVES—			
		ORDINARY CAPITAL	300,000,000		
	172,016,000	At 31st December, 1950		172,016,000	
		New issue, 1951—See Note (II)		43,004,000	
				215,020,000	
	127,603,947	CAPITAL RESERVES		139,663,267	
	65,489,247	REVENUE RESERVES		72,183,746	
365,109,194					426,867,013
578,245,194					640,003,013
74,960,000		(III) LOAN CAPITAL—			74,960,000
21,466,715		3½% Convertible Notes			23,543,431
674,671,909		(IV) INDEBTEDNESS TO LIMITED GROUP			738,506,444
		EMPLOYMENT OF CAPITAL			
		(V) INTERESTS IN SUBSIDIARIES—			
	312,473,944	Shares at Directors' valuation 31st December, 1939,		312,546,444	
	374,450,790	with additions at cost		415,667,754	
	686,924,734	Advances		728,214,198	
	38,131,008	Less: Deposits		13,351,385	
648,793,726					714,862,813
		(VI) CURRENT ASSETS—			
	2,444,819	Debtors and payments in advance (Fl. 532,805)	3,109,437		
	50,300,104	Receivable from Shareholders	57,195,320		
	21,931,344	Short term investments	883,750		
	74,676,267	Cash and bank balances	19,246,486	80,434,993	
		(VII) CURRENT LIABILITIES AND PROVISIONS—			
	10,022,015	Creditors and accrued liabilities	14,019,377		
	12,345,069	Taxation and contingencies	24,081,705		
	26,431,000	Dividends including that proposed on Ordinary Capital	18,690,280	56,791,362	
	48,798,084				
25,878,183					23,643,631
674,671,909					738,506,444

ON BEHALF OF THE BOARD,

PAUL RIJKENS, *Chairman*GEOFFREY HEYWORTH, *Vice-Chairman*

31st DECEMBER 1951

represent deductions.

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) Ordinary Shares of a nominal value of Fl. 43,004,000 were issued in December, 1951, at 133% payable in full on 10th January, 1952. These shares rank *pari passu* with the ordinary capital previously in issue except that they do not participate in dividends in respect of 1951.

At 31st December, 1951, a subsidiary of N.V. and a subsidiary of LIMITED, respectively, held Fl. 1,500,000 and Fl. 1,257,000 of ordinary capital of N.V.: each holding is normally maintained at Fl. 1,200,000 and the respective balances have been or will be sold.

The details of Capital Reserves are—

1950		1951
Fl.		Fl.
71,580,985	Premiums on issues of capital	83,640,305
56,022,962	Surplus on valuation in 1939 of shares in subsidiaries	56,022,962
<u>127,603,947</u>		<u>139,663,267</u>

The increase in Premiums represents the premium on the issue of ordinary shares, Fl. 14,191,320, less expenses of issue Fl. 2,132,000.

These reserves are subject to any provisions which may be required against interests in Czechoslovakia, Yugoslavia, Roumania, Poland, Hungary and China held by subsidiaries at a book value of Fl. 68,852,573.

The details of Revenue Reserves are—

1950		1951
Fl.		Fl.
50,000,000	General reserve	55,000,000
15,489,247	Profit carried forward	17,183,746
<u>65,489,247</u>		<u>72,183,746</u>

Details of the increases are shown on Statement C.

(III) Under the terms of the issue, the notes, which are unsecured, are convertible into ordinary capital at the holders' option at a premium.

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

The amount receivable from shareholders represents the issue price of the new ordinary shares. Payment was received in 1952.

GENERAL

There are contingent liabilities upon which no loss is expected.

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

STATEMENT G

UNILEVER
BALANCE SHEET AT

Figures in red

1950		CAPITAL EMPLOYED			
£	£		£	£	£
	35,984,690	(I) PREFERENTIAL CAPITAL—	<i>Authorized</i>	<i>Issued and fully paid</i>	
	2,360,000	7% Cumulative Preference } <i>Ranking</i>	35,984,690	35,984,690	
	15,661,749	5% Cumulative Preference } <i>pari passu</i>	4,015,310	2,360,000	
	2,287,312	8% Cumulative A Preference	40,000,000	15,661,749	
56,293,751		20% Cumulative Preferred Ordinary	2,287,312	2,287,312	
			<u>82,287,312</u>		56,293,751
	13,694,008	(II) ORDINARY AND DEFERRED CAPITAL AND RESERVES—			
		CAPITAL—			
		Ordinary — At 31st December, 1950		13,694,008	
		New Issue, 1951 — see Note (II)		3,423,502	
	13,694,008		59,031,438	17,117,510	
	100,000	Deferred	100,000	100,000	
	13,794,008		<u>59,131,438</u>	17,217,510	
	10,502,370	CAPITAL RESERVES		11,594,821	
	29,248,912	REVENUE RESERVES		32,568,503	
	935,000	FUTURE UNITED KINGDOM TAXATION		1,450,000	
54,480,290					62,830,834
	10,000,000	(III) LOAN CAPITAL—			
		3 ³ / ₄ % Debenture Stock, 1955/75 } <i>Ranking</i>		10,000,000	
		4% Debenture Stock, 1960/80 } <i>pari passu</i>		14,000,000	
10,000,000					24,000,000
120,774,041		(IV) Less: INDEBTEDNESS OF N.V. GROUP			143,124,585
13,172,252					13,287,372
107,601,789					129,837,213
		EMPLOYMENT OF CAPITAL			
		(V) FIXED ASSETS—	£	£	£
			<i>Cost</i>	<i>Depreciation</i>	
	2,235,394	Land and buildings	2,977,179	700,378	2,276,801
	626,394	Plant and office equipment	1,474,754	711,520	763,234
	2,861,788		<u>4,451,933</u>	<u>1,411,898</u>	3,040,035
	2,245,343	Trade investments—at net book value at 31st December, 1947....			2,245,343
5,107,131					5,285,378
	89,936,364	(VI) INTERESTS IN SUBSIDIARIES—			
	38,349,218	Shares at Directors' valuation at 31st December, 1937, with additions at cost		92,256,146	
	128,285,582	Advances		58,905,068	
	25,547,108	Less: Deposits		151,161,214	
102,738,474				27,019,552	124,141,662
	286,250	(VII) CURRENT ASSETS—	£		
	4,850,000	Debtors and payments in advance	620,293		
	500,000	Instalments on Ordinary Shares and Debentures	9,516,629		
	345,820	Short term investments			
	5,982,070	Cash and bank balances	13,980		
	1,266,764				10,150,902
	1,450,887	(VIII) CURRENT LIABILITIES—			
	1,338,997	Creditors and accrued liabilities	1,644,091		
	2,169,238	Short term borrowings	5,321,903		
	6,225,886	Taxation	1,019,293		
		Dividends (net) including those proposed	1,753,442		
					9,740,729
243,816		GEOFFREY HEYWORTH, <i>Chairman</i>			410,173
107,601,789		PAUL RIJKENS, <i>Vice-Chairman</i>			129,837,213

31st DECEMBER 1951

represent deductions.

NOTES

- (II) 3,423,502 new ordinary shares of £1 each were issued in November, 1951, at 30/- per share payable as to 10/- on 19th December, 1951, and 20/-, including 10/- premium, on 17th January, 1952. These shares rank *pari passu* with the ordinary capital previously in issue except that they do not participate in dividends in respect of 1951.

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

The details of Capital Reserves are—

1950		1951
£		£
(7,219,107	Premiums on issues of capital	8,190,617
1,669,161	Surplus on valuation 31st December, 1937, of shares in sub- sidiaries and trade investments	1,669,161
665,090	Excess profits tax post-war refund	665,090
949,012	Fixed assets replacement	1,069,953
<u>10,502,370</u>		<u>11,594,821</u>

The increase in Premiums represents the premium on the issue of ordinary shares, £1,834,266, less discount on debenture stock and expenses of the issues £862,756.

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

The details of Revenue Reserves are—

1950		1951
£		£
21,000,000	General reserve	23,500,000
4,248,912	Profit carried forward	5,068,503
4,000,000	Stock reserve	4,000,000
<u>29,248,912</u>		<u>32,568,503</u>

The increase in the General Reserve includes the appropriation on Statement C of £1,893,425 (Fl. 20,146,042) and £606,575 in respect of bonus shares issued by subsidiaries during the year.

- (III) An issue of £14,000,000 4% Debenture Stock 1960/80 was made in November, 1951. The two issues of debenture stock are secured by a floating charge on the assets of the Company.
- (IV) This includes a loan of £11,000,000 which is secured on the shares of subsidiaries of N.V.
- (VII) Instalments on Ordinary Shares and Debenture Stock arise out of the issues referred to in Notes (II) and (III) above and comprise Ordinary Shares £3,076,629 and Debenture Stock £6,440,000. Both amounts were received in 1952.

GENERAL

There are contingent liabilities upon which no loss is expected.

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

The estimated commitments for capital expenditure at 31st December, 1951, were £1,630,000, including £1,400,000 on behalf of subsidiaries.

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

TURNOVER OF N.V. AND LIMITED GROUPS

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

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

1950			1951	
Metric Tons	Fl.		Metric Tons	Fl.
1,117,000	1,728,883,000	Margarine, edible fats and salad oils	1,167,000	2,040,656,000
—	746,609,000	Other foods for human consumption	—	1,024,930,000
2,841,000	3,422,994,000	Other vegetable and animal oils and fats	2,876,000	4,070,194,000
2,518,000	681,524,000	Animal feeding stuffs	2,619,000	849,423,000
1,239,000	1,614,503,000	Soap and other detergents	1,217,000	1,736,895,000
—	185,583,000	Toilet preparations, including perfumes	—	213,119,000
—	304,495,000	Miscellaneous manufactures, including glycerine	—	491,674,000
1,059,000	760,249,000	Produce (mainly tropical produce handled by the United Africa Group) including timber products	1,100,000	993,042,000
—	966,804,000	Merchandise (mainly handled by the United Africa Group)	—	1,255,541,000
—	109,932,000	Services (including ocean, river and road transport)	—	150,482,000
	10,521,576,000	TOTAL VALUE		12,825,956,000
	Fl.	Represented by:—		Fl.
	6,632,561,000	(a) Sales to third parties		8,151,357,000
	1,296,973,000	(b) Value of production in the United Kingdom for the Ministry of Food and produce purchased for the West African Marketing Boards		1,509,114,000
	2,592,042,000	(c) Supplies of marketable products and services within the organisation....		3,165,485,000
	10,521,576,000			12,825,956,000

PENSIONS

1950		1951
	EMPLOYEES COVERED BY—	
72,200	Companies' Pension and Provident Funds	77,500
10,900	Insurance Companies	11,100
	COMPANIES' CONTRIBUTIONS DURING YEAR—	
	Contributions to:	
26,228,000	Pension and Provident Funds	28,632,000
8,182,000	Insurance Companies	8,118,000
13,470,000	Pensions supplementing those paid out of the Funds and payments on termination of service	11,917,000
47,880,000		48,667,000
	PENSION AND PROVIDENT FUNDS ADMINISTERED BY TRUSTEES ON BEHALF OF MEMBERS—	
360,760,000	Invested outside the Organisation	417,907,000
24,780,000	Invested inside the Organisation	32,676,000
385,540,000		450,583,000

SUMMARY OF CONSOLIDATED FIGURES 1945-1951

N.V. and LIMITED Groups

(000's omitted)

Years	Preferential Capital	Ordinary Shareholders' Funds		Outside Shareholders' Interests	Loan Capital	Total Capital Employed	Turnover
		Capital	Reserves				
	Fl.	Fl.	Fl.	Fl.	Fl.	Fl.	Fl.
1945	773,772	314,855	600,729	181,312	131,615	2,002,283	3,285,857
1946	773,772	315,753	683,574	182,922	109,796	2,065,817	3,618,882
1947	814,662	316,003	841,990	183,550	111,205	2,267,410	5,124,324
1948	814,972	316,003	974,448	185,072	194,925	2,485,420	6,601,778
1949	812,102	315,320	1,229,629	192,616	360,183	2,909,850	8,521,544
1950	812,102	315,320	1,491,379	194,665	473,107	3,286,573	10,521,576
1951	812,102	394,750	1,762,723	218,002	622,877	3,810,454	12,825,956

Years	Trading Profit	Taxation for the year	Dividends		Profit Retained after transfers to specific reserves	Profit in Relation to Ordinary Shareholders' Funds	
			Preferential	Ordinary and Deferred		Distributed	Retained
1945	222,907	144,429	30,102	11,645	42,183	1.3	4.6
1946	267,049	144,928	33,800	23,373	31,218	2.3	3.1
1947	346,963	202,161	36,327	23,395	31,281	2.0	2.7
1948	321,743	186,244	37,141	23,395	51,278	1.8	4.0
1949	339,921	194,714	37,019	23,358	147,956	1.5	9.6
1950	555,209	313,101	37,019	31,002	136,552	1.7	7.5
1951	573,849	352,166	35,863	31,002	133,567	1.4	6.2