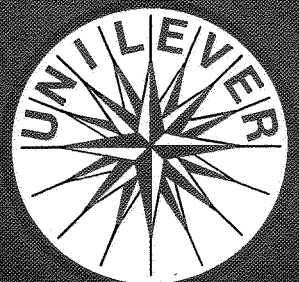


# UNILEVER

*Report and Accounts*

*1965*



# UNILEVER

---

REPORT AND ACCOUNTS

1965

# UNILEVER N.V.

---

## *Directors*

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

## *Advisory Directors*

J. M. HONIG  
K. P. VAN DER MANDELE  
A. E. J. NYSINGH  
JHR. J. A. G. SANDBERG  
G. E. VAN WALSUM

## *Secretaries*

E. A. HOFMAN  
P. A. MACRORY

## *Auditors*

PRICE WATERHOUSE & Co.  
COOPER BROTHERS & Co.

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

# Contents

	Page
<b>Salient Figures</b> .....	6
<b>Report of the Directors</b> .....	7-32
The Year in Brief .....	7
Sales to Third Parties, Profit and Capital Employed by Geographical Areas 1956 and 1965 (Chart) .....	8
Return on Capital Employed and on Turnover 1956-1965 (Chart) .....	9
Summary of Combined Figures 1956-1965 .....	10
The Background .....	11
European Integration .....	11
The Developing Countries .....	12
Taxation .....	13
Analysis of Turnover .....	15
Margarine, Other Edible Fats and Oils .....	16
Other Foods .....	18
Detergents and Toilet Preparations .....	20
Animal Feeding Stuffs .....	22
Other Industrial Interests .....	23
The United Africa Group .....	23
Plantations .....	24
Exports .....	25
Finance .....	26
Capital Projects .....	27
Personnel .....	28
Capital and Membership .....	29
Dividends .....	29
Directors .....	31
Auditors .....	32
<b>Reports of the Auditors</b> .....	33
<b>Consolidated Profit and Loss Accounts (Statement A)</b> .....	34-35
<b>Consolidated Balance Sheets (Statement B)</b> .....	36-39
<b>Balance Sheet—N.V. (Statement C)</b> .....	40-41
<b>Balance Sheet—Limited (Statement D)</b> .....	42-43
<b>Unilever Principal Subsidiaries</b> .....	44-45
<b>Combined Earnings and Dividends per Share, Salient Figures in other Currencies</b> .....	46

# Salient figures

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

Fl. million

1964		1965
21,749	TURNOVER . . . . .	23,581
17,115	OF WHICH SALES TO THIRD PARTIES	18,464
1,257	PROFIT BEFORE TAXATION . . . . .	1,186
588	TAXATION FOR THE YEAR . . . . .	522
7	EXCEPTIONAL ITEMS. . . . .	6
635	CONSOLIDATED NET PROFIT. . . . .	646
197	ORDINARY DIVIDENDS. . . . .	195
397	PROFIT RETAINED IN THE BUSINESS . .	411
7,852	CAPITAL EMPLOYED. . . . .	8,379
653	EXPENDITURE ON FIXED ASSETS—GROSS	673
412	DEPRECIATION. . . . .	453
	ORDINARY DIVIDENDS	
Fl. 4.18	N.V. (PER FL. 20 OF CAPITAL) . . . . .	Fl. 4.22
1s. 3d.	LIMITED (PER 5s. OF CAPITAL). . . . .	1s. 3d.

Combined earnings per share are shown on page 46, where the salient figures are also given in certain other currencies.

# Report of the Directors for 1965

*to be submitted at the General Meeting of Shareholders  
to be held at the Company's offices in Rotterdam on 27th April, 1966\*).*

## THE YEAR IN BRIEF

Turnover, at Fl. 23,581 million, was up by 8<sup>0</sup>/<sub>0</sub>, while third party sales rose by Fl. 1,349 million, or 8<sup>0</sup>/<sub>0</sub>, to Fl. 18,464 million, with all product groups contributing to the increase.

Profits before tax at Fl. 1,186 million are down by 5<sup>0</sup>/<sub>0</sub>\*\*). In detergents, competition, already strenuous, almost everywhere became fiercer still. Profits from this group were sharply down from the peak figures of the two previous years. Raw material costs for edible fats were substantially higher than in the previous year, and as the increase could not be fully recovered in selling prices, these profits too have suffered. The United Africa Group and the Plantations Group also returned lower profits than in 1964.

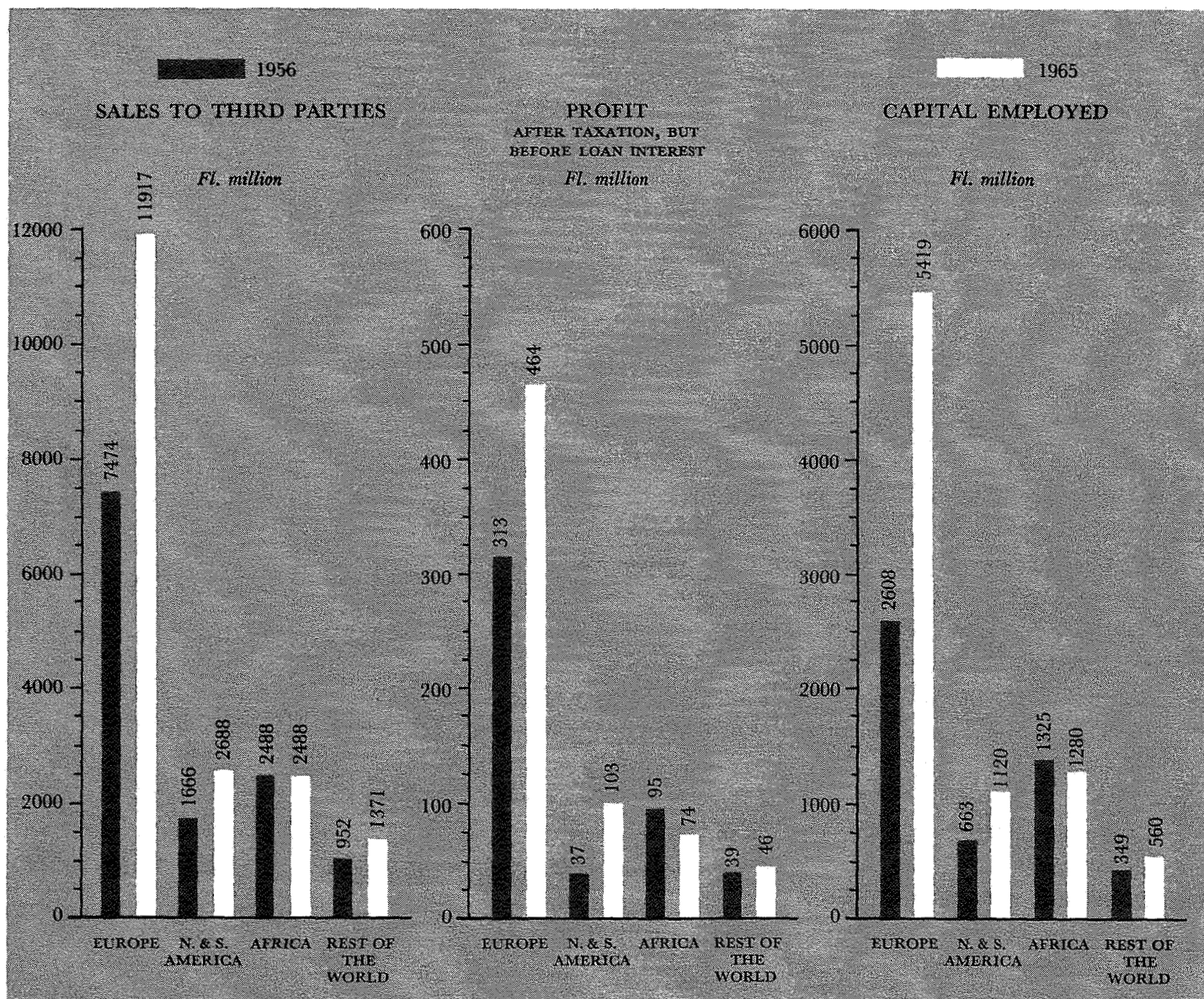
For foods other than edible fats the picture is considerably more cheerful, with profits well up; only the ice cream business as a whole failed to match the previous year's profits, but, considering the poor weather, particularly in Europe, the performance was far from unsatisfactory. There was also an encouraging improvement in toilet preparations.

---

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

\*\*) In calculating this percentage, the profit before taxation for 1964 has been taken as Fl. 1,244 million, i.e. after eliminating the share of the income of the Leverhulme Trust which accrued to LIMITED. See also page 30.

# Sales to third parties, profit and capital employed by geographical areas 1956 and 1965

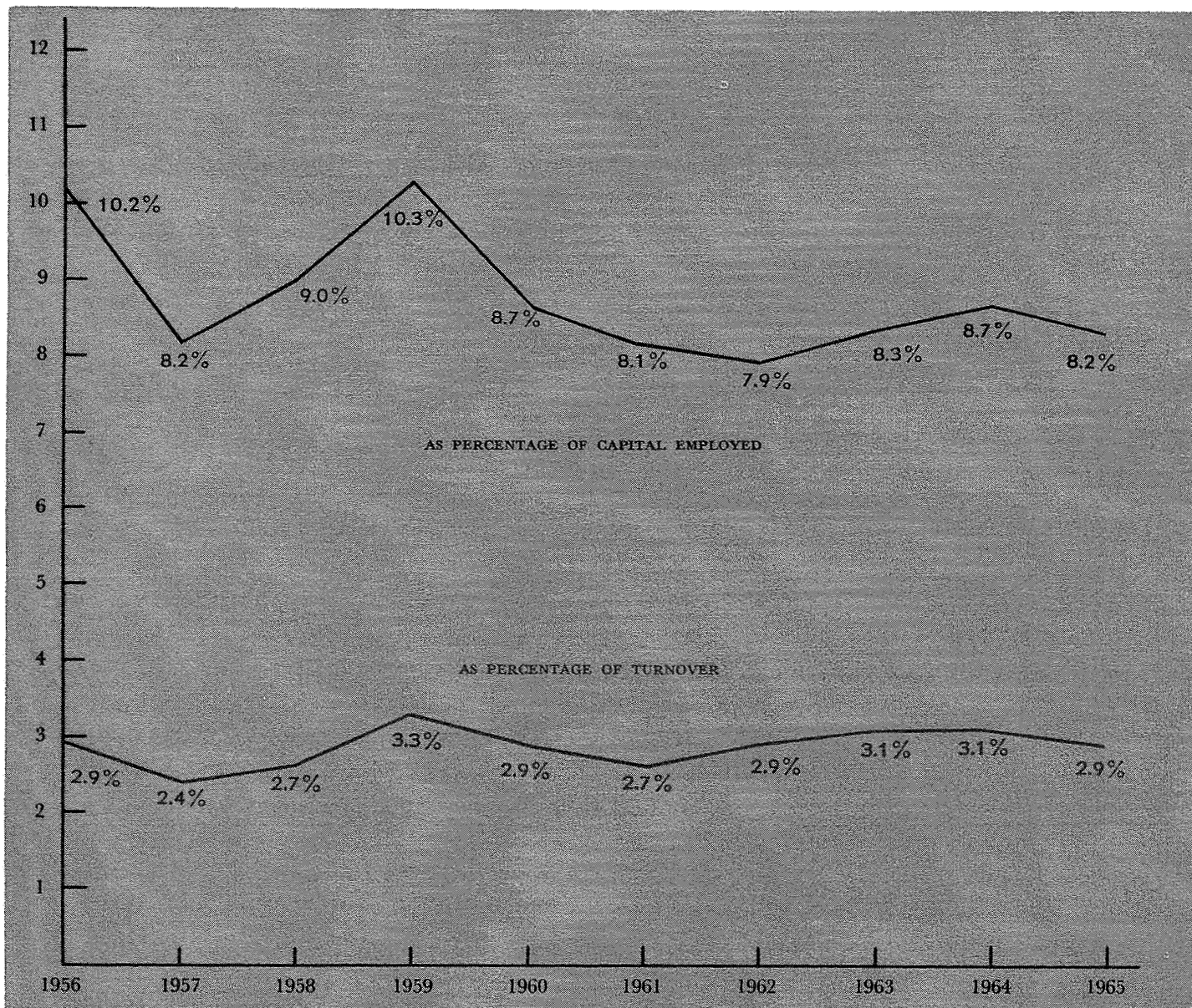


	SALES TO THIRD PARTIES		PROFIT		CAPITAL EMPLOYED	
	1956 %	1965 %	1956 %	1965 %	1956 %	1965 %
Europe	59.4	64.6	64.6	67.6	52.8	64.7
North and South America	13.2	14.5	7.7	14.9	13.4	13.3
Africa	19.8	13.5	19.7	10.8	26.8	15.3
Rest of the World	7.6	7.4	8.0	6.7	7.0	6.7
	100.0	100.0	100.0	100.0	100.0	100.0

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



# Return on capital employed and on turnover 1956-1965



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

# Summary of combined figures 1956-1965

UNILEVER N.V. AND UNILEVER LIMITED AND THEIR SUBSIDIARIES

Fl. million

	1956	1957	1958	1959	1960	1961*	1962	1963	1964	1965
Turnover . . . . .	<b>17,784</b>	<b>18,297</b>	<b>18,388</b>	<b>19,016</b>	<b>19,650</b>	<b>19,321</b>	<b>19,223</b>	<b>19,678</b>	<b>21,749</b>	<b>23,581</b>
of which Sales to third parties . . . . .	12,580	12,976	13,395	14,140	14,757	14,763	14,972	15,557	17,115	18,464
Profit before taxation . . . . .	1,051	908	985	1,216	1,129	1,045	1,080	1,203	1,257	1,186
Taxation for the year . . . . .	552	480	490	594	571	528	540	608	588	522
Exceptional items . . . . .	26	23	32	43	20	40	8	3	7	6
Consolidated net profit. . . . .	<b>501</b>	<b>428</b>	<b>503</b>	<b>640</b>	<b>553</b>	<b>537</b>	<b>525</b>	<b>566</b>	<b>635</b>	<b>646</b>
Dividends:—										
Preferential . . . . .	38	38	38	40	40	40	40	40	41	40
Ordinary . . . . .	88	88	105	146	155	153	161	184	197	195
Profit retained in the business . . . . .	375	302	360	454	358	344	324	342	397	411
Profit in relation to ordinary shareholders' funds:—	%	%	%	%	%	%	%	%	%	%
Distributed . . . . .	2.9	2.6	2.8	3.5	3.5	3.4	3.4	3.6	3.6	3.4
Retained. . . . .	12.3	9.0	9.7	10.8	8.1	7.7	6.8	6.8	7.3	7.1
Preferential Capital . . . . .	815	815	815	815	831	811	815	815	836	836
Ordinary shareholders' funds:—										
Capital . . . . .	700	700	875	880	881	884	885	1,179	1,179	1,184
Reserves . . . . .	2,349	2,673	2,830	3,324	3,548	3,606	3,872	3,869	4,246	4,566
Outside interest . . . . .	261	258	255	258	262	246	251	262	225	199
Loan capital . . . . .	483	461	416	416	402	392	570	541	688	859
Deferred liabilities:—										
Taxation . . . . .	399	404	408	447	359	354	341	361	361	409
Unfunded retirement benefits . . . . .	—	—	—	—	190	215	259	292	317	326
Capital employed . . . . .	<b>5,007</b>	<b>5,311</b>	<b>5,599</b>	<b>6,140</b>	<b>6,473</b>	<b>6,508</b>	<b>6,993</b>	<b>7,319</b>	<b>7,852</b>	<b>8,379</b>

\* The revaluation on 6th March, 1961, raised the guilder parity by 5<sup>0</sup>/<sub>10</sub>.

## THE BACKGROUND

World consumer expenditure continued to grow in 1965, and rose by an estimated 8 per cent; Unilever sales kept pace with this expansion.

In most countries of Europe and in North America economic growth continued. The United States economy, with the help of further tax cuts, completed its fifth successive year of rising prosperity. In the Netherlands and Germany prices rose fairly sharply; the economies continued to expand, though at a rather slower rate. Both France and Italy have been slow to recover after a series of deflationary measures aimed at improving or safeguarding their balance of payment positions. In most European countries the formation of larger businesses through mergers and other forms of co-operation continued.

With sterling under almost constant pressure, government measures to restrain demand meant that trading conditions in the United Kingdom were generally static.

## EUROPEAN INTEGRATION

About two-thirds of Unilever's business is in Europe, divided about equally between the countries of the European Economic Community and those of the European Free Trade Association. The economic development both of Europe as a whole and of each of the two groups individually must therefore continue to be of great interest to us.

In the E.E.C., the slowing down of the process of integration in the second half of 1965 and in particular the resulting uncertainty about future developments gave cause for concern. Nevertheless, our long-term policy is based on the assumption that the process of European integration will continue. It is satisfactory to record that import duties between E.E.C. member states which had been reduced by 10 per cent at the beginning of 1965 were reduced by a further 10 per cent on 1st January, 1966. This brings import duties on industrial products within the Community down to a fifth of the 1957 level. Within the European Free Trade Association, too, import duties have now been reduced to 20 per cent of their original level, while the extra import surcharge imposed as an emergency measure by the British Government in November 1964 has been lowered from 15 per cent to 10 per cent. For a number of food products, including margarine and oils and fats, a second adjustment of national tariffs to the

common external tariff was carried through. For most industrial products this second adjustment had already been made on 1st July, 1963.

No decisions have yet been taken on the E.E.C. draft regulation on oils and fats, which was mentioned in last year's Report, and there are many other aspects of E.E.C. agricultural policy on which decisions are still pending. Among other things this has held up the Kennedy Round of negotiations at Geneva, which are of great importance for the expansion of international trade. The United States Trade Expansion Act expires on 30th June, 1967, and one must therefore hope that the Kennedy Round will produce some positive and worth-while results in the course of 1966.

## THE DEVELOPING COUNTRIES

In almost all the developing countries, although the prices of many of their basic exports weakened, national income has continued to rise. Operating conditions however have generally remained difficult; many countries have been handicapped by rapid inflation, and most of them retain stringent controls on retail prices or the remittance of profits or on both.

The Unilateral Declaration of Independence by Rhodesia is bound to have a bad effect on our interests in that territory, Zambia and Malawi, which had continued to develop profitably during 1965.

In both Nigeria and in Ghana the military have taken over the government since the turn of the year. In both countries this was achieved with little disturbance or bloodshed, although the death of Sir Abubakar Tafewa Balewa, Federal Prime Minister of Nigeria, was universally deplored. In Ghana, throughout 1965, profit remittances were not allowed.

In Morocco the domestic economic situation has deteriorated as a result of the government's austerity drive, and our sales have suffered. The outlook for the future of the Congolese Republic (Leopoldville) looks better now that the fighting has virtually ceased over large areas of the country, although the economy has many difficulties to surmount.

For India and Pakistan it has been a sad year. The undeclared war worsened the financial situation in both countries. The immediate impact of hostilities on our business was worse in Pakistan than in India and this is reflected in our companies' profits for the year. The sorry failure of the monsoons in India,

described by the Indian Government as 'a national calamity of a magnitude unknown in recent times', is adding greatly to the difficulties facing that country.

By contrast the situation in Ceylon has improved and the moratorium on remittances has been partially relaxed.

In Latin-America, Brazil has had some success in curbing inflation, but in most countries a combination of rising costs and price controls has depressed profit margins.

## TAXATION

In the Netherlands the government which was formed in April, 1965 has announced its intention to modify the proposals for the reform of company taxation to which we referred in our last Report. It recognises that levying income tax on dividends in the hands of shareholders after the company's profits have borne corporation tax involves double taxation, but it now proposes to remedy this by giving some relief to the shareholders. Previously the intention was to give relief to the company by applying a lower rate of corporation tax to distributed profits than to retained profits. Details have not yet been published.

Meanwhile the general rate of Dutch corporation tax has been increased from 45 per cent to 47 per cent for 1966 and to 46 per cent for subsequent years.

In the United Kingdom the Finance Act, 1965, brought into operation the changes in the system of company taxation to which we referred in our last Report.

The rate of corporation tax to be levied in the United Kingdom on the 1965 profits will not be known until the 1966 Budget is presented at about the end of April, 1966, but as the government has announced that the rate is not likely to exceed 40 per cent we have thought it prudent to adopt that figure provisionally.

The Finance Act provides some temporary relief to compensate companies with businesses overseas for the additional tax burden which the new system imposes on dividends to shareholders out of the profits of those businesses. The first year for which we shall be able to benefit from this relief will be 1966 and at this stage we are not able to estimate the amount to which we shall be entitled, but our expectations are not high. It is to be hoped that the studies now being made will convince the government of the value of overseas investment and persuade it to make some realistic and permanent adjustments to the tax system.

The British government has recently announced a new system

of incentives for investment in the United Kingdom which will be much more selective than the old. LIMITED is unlikely to be better placed as a result of this change.

The proposed increase in Dutch dividend tax from 15 per cent to 25 per cent came into force on 1st January, 1966. It is expected that for United States shareholders in n.v. the Dutch dividend tax will shortly become 15 per cent. At present they are exempt. This exemption will continue for a transitional period of two years for non-profit making charitable organisations and pension trusts in respect of shares held by them as at 30th April, 1965.

The tax convention between the United Kingdom and the United States is being modified to restrict to 15 per cent the tax deducted from United Kingdom dividends payable to United States shareholders.

There have been a number of changes in the rates of tax payable elsewhere in the world. The most significant for Unilever are a reduction of 2 per cent in the United States corporation tax rate, and an increase of 15 per cent for LIMITED and  $12\frac{1}{2}$  per cent for n.v. in the Canadian tax levied on dividends from that country. There have been welcome reductions announced in Pakistan and Ceylon.

## ANALYSIS OF TURNOVER

	1956		1964		1965	
	Fl.	%	Fl.	%	Fl.	%
Margarine, other edible fats and oils . . . . .	3,718,532,000	21	3,902,897,000	18	4,175,392,000	18
Other foods . . . . .	1,493,760,000	8	3,637,567,000	17	4,076,171,000	17
Detergents and toilet preparations. . . . .	3,028,325,000	17	4,548,823,000	21	4,768,572,000	20
Animal feeding stuffs . . . . .	1,432,931,000	8	1,899,091,000	9	1,984,314,000	8
Merchandise and other activities of United Africa Group, and plantations . . . . .	2,432,623,000	14	2,232,605,000	10	2,301,277,000	10
Printing, packaging, plastics, chemicals and other interests . . . . .	473,363,000	3	893,619,000	4	1,158,362,000	5
<b>TOTAL THIRD PARTY SALES . . . . .</b>	<b>12,579,534,000</b>	<b>71</b>	<b>17,114,602,000</b>	<b>79</b>	<b>18,464,088,000</b>	<b>78</b>
Internal sales (mainly oils and fats) . . . . .	5,204,588,000	29	4,633,981,000	21	5,117,117,000	22
<b>TOTAL TURNOVER . . . . .</b>	<b>17,784,122,000</b>	<b>100</b>	<b>21,748,583,000</b>	<b>100</b>	<b>23,581,205,000</b>	<b>100</b>

*The grouping of products in the table shown above has been simplified by combining some of the smallest categories into larger ones. We now no longer show separately any product group whose contribution to the total is less than 5%. The classification that has now been adopted has the advantage of enabling the third party sales for each of the main product groups to be shown separately, without any internal sales included in them. Supplies of marketable products—for use as raw materials—and services by one industry to other industries within the organisation are included to provide a proper ratio of turnover to capital employed and profits earned. The value of produce purchased for the Commonwealth West African Marketing Boards is also included.*

## MARGARINE, OTHER EDIBLE FATS AND OILS

There has been but little increase in total world consumption of margarine in the last few years, and future growth, we believe, lies mainly in the development of specialised products to meet the special needs and special tastes of modern society. To meet this trend, which was clearly manifest in 1965, our scientists have had further successes in improving quality and in developing new products and new processes. Particular attention has been paid to the nutritional aspect.

Raw material prices were on average 13 per cent higher than in 1964 and, with many governments striving to keep down retail prices either by legislation or exhortation, it was not always possible to offset this increase by higher selling prices. In consequence, margins were squeezed and total profits fell.

In the more sophisticated markets sales of our premium quality margarines again improved; examples are Flora in Germany, Blue Band in the United Kingdom and Brio in the Netherlands. In some countries we have introduced margarine formulated to meet the demand for a product with a high content of poly-unsaturated fats.

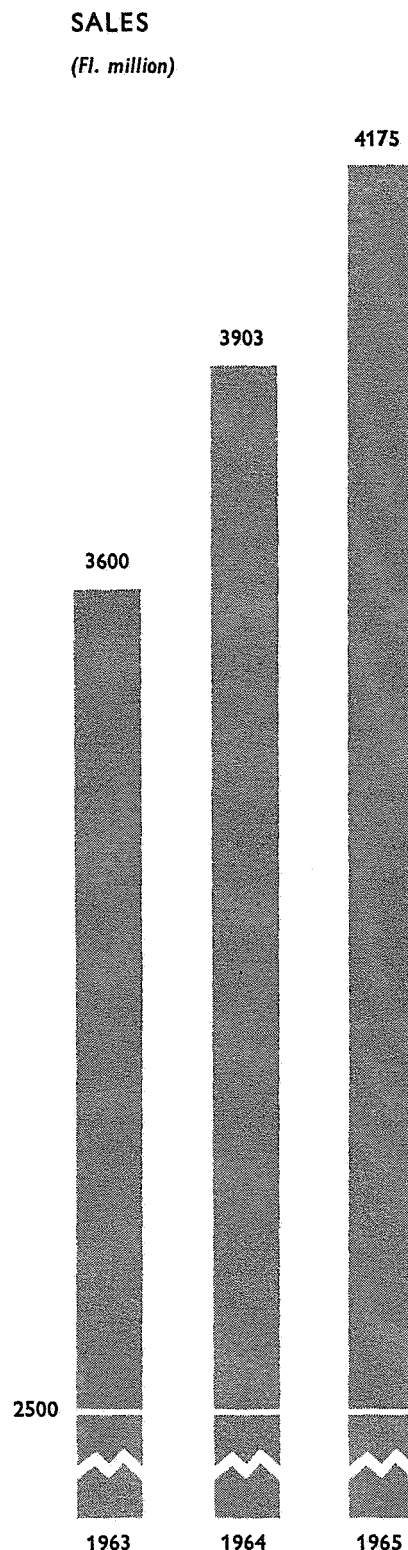
We are increasing sales of vegetable ghee in most of the countries where it forms a substantial part of the staple diet.

Improved sales of compound fats in Germany, France and South Africa, were more than offset chiefly by lower sales in the United States and the United Kingdom. New products are being developed to meet the changing needs of such industrial users as the baking industry.

World consumption of cooking and salad oils is rising steadily and we can record substantial increases in the sales of our oils under the Livio brand in Germany, the Bona brand in Austria, and in South Africa.

Our joint venture in Japan continues; the factory has now been completed and the training of the labour force is going ahead well.

In June the European Commission announced its decision to undertake a general investigation into the margarine industry in the E.E.C. countries. The Commission have explained that they have decided upon this step 'in view of the fact that trade in margarine between the E.E.C. countries is noticeably lagging behind the general development of intra-E.E.C. trade, notwithstanding the existence of substantial price differences between the E.E.C. countries'. The purpose of the investigation is to





ascertain whether this trend is the result of infringements of Articles 85 and 86 of the Treaty of Rome (which deal with restrictive agreements and abuses of a dominant market position) or whether there are other reasons. The investigation will, therefore, also cover differences in national food laws and margarine price regulations. The Commission stress that the fact that the investigation is being made must not be taken to imply any presumption of infringements of Article 85 or Article 86.

## OTHER FOODS

Sales of our general food products have again risen considerably and there has been a substantial improvement in profits. This group has now been built up to a point at which it ranks with Edible Fats and with Detergents as one of the main pillars of the business.

Our frozen food interests in Continental Europe made good sales progress, particularly in Germany. In the Netherlands, we reorganised our frozen foods business, Iglo N.V., and look forward to better results in the years to come. In the United Kingdom Birds Eye, which continued to widen its range of products, particularly in fish, meat and vegetables, had a very successful year. With an eye to Birds Eye's future supplies of cod a controlling interest was acquired in North Eastern Fish Industries Limited of Newfoundland. We have done better than last year in New Zealand.

Despite a dismal summer in North Western Europe, ice cream sales in a number of countries there improved, although those in the United Kingdom were lower. In Italy we had a good year. A bad start to the summer in the Southern Hemisphere did not help our ice cream businesses in South Africa and Australia. Profits in the United States, however, were much more satisfactory, and we entered the Malaysian ice cream market with success.

Dried soups have done well in Europe and in Australia and South Africa, and Thomas J. Lipton Inc. in the United States recorded improved sales and profits in the face of severe competition.

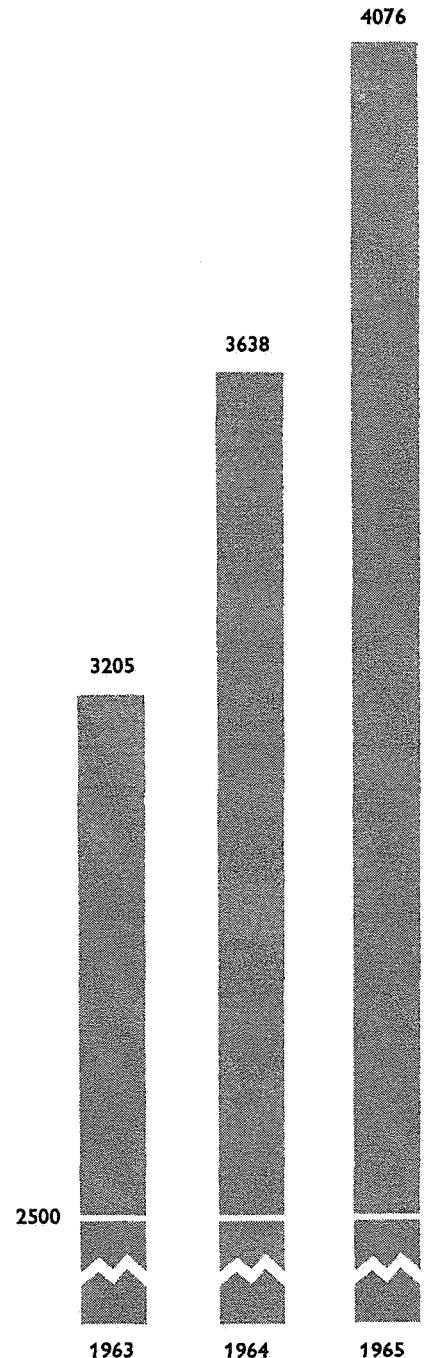
The canned soup businesses have improved their sales and profits, particularly in the Netherlands, Belgium and Germany. Rosella Foods in Australia is still facing severe competition.

Our Netherlands meat business, Unox, has done better, and more than made good last year's drop in exports. There was a considerable increase in the sales of T. Wall & Sons Limited's meat products in the United Kingdom, where we also acquired the Mattessons and Lawson businesses, both makers of meat products. The former specialise in Continental-type products while the latter are important bacon curers in Scotland.

The tea business of Thomas J. Lipton Inc. in the United States has had a successful year, with sales and profits both better.

Our cheese business steadily extended. The best increases in sales were made with processed cheese in Belgium and Italy and

SALES  
(Fl. million)



with Camembert and Brie in Germany. We acquired a controlling interest in a cheese company in South Africa. Research in the field of cheese products has been intensified.

Of our other food businesses, Batchelors Foods Limited in the United Kingdom continues to develop successfully its Vesta range of dehydrated prepared meals. A similar range of prepared meals was introduced in the Netherlands under the brand name Norica.

Salad dressings continue to do well in the United States and are being actively developed in several European markets. In the Netherlands, the selling organisations of the food businesses of N.V. Maatschappij tot Exploitatie der Oliefabrieken Calvé-Delft and Koninklijke Maatschappij "De Betuwe" N.V. were merged into a single marketing company. Thomas J. Lipton Inc. in the United States acquired the Megs Macaroni Company of Harrisburg, Pennsylvania.

John West Foods Limited in the United Kingdom has had a good year and further improved its trading position.

# DETERGENTS AND TOILET PREPARATIONS

## DETERGENTS

The year 1965 has been a difficult one for our detergent businesses. Competition has further intensified in many European countries, as well as in North America and a number of other overseas markets. World prices of raw materials for soap making rose sharply to their highest level for many years and this movement coincided with many governments holding down retail selling prices by one means or another. There has also been increasing pressure on manufacturers to use in their detergents the more expensive 'biodegradable' materials, i.e. materials that are properly broken down in sewage treatment. The result of all this is that profit margins have been affected—in some cases severely.

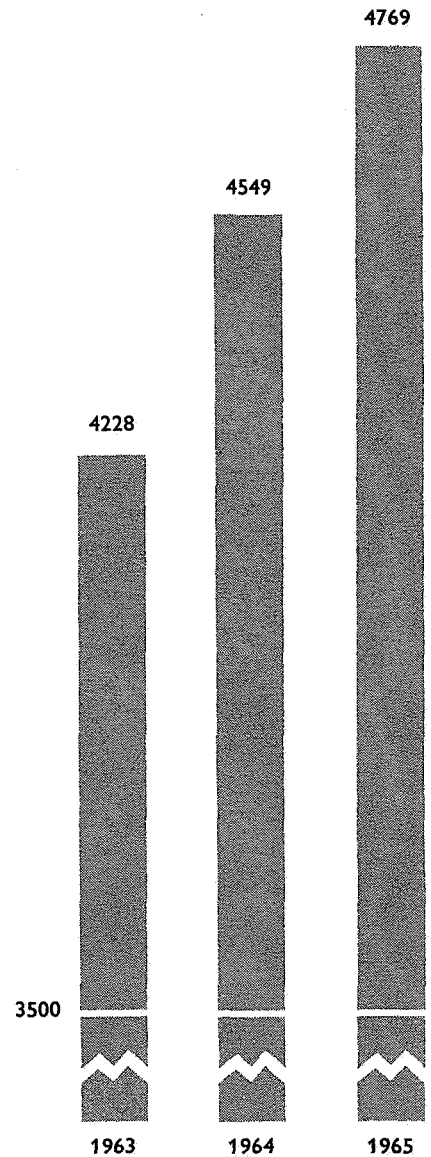
In view of the unprecedented competitive activity and the severe squeeze on profit margins, it is not surprising that the profits on the detergent side did not match the record figures of the last two years. But wherever competition has sharpened we have taken strong counter-measures. We have held our share of the world market.

Satisfactory growth has been achieved in many sectors, but some successes deserve special mention. In the washing powder field Skip has made great progress in Europe among users of washing machines, while Breeze has developed fast in those overseas markets for which it was designed. The success in Belgium of Coral—a light duty powder for washing modern fabrics—has been repeated in other European markets. The Lever companies in the United States and Canada have been able to make substantial gains in the highly competitive dishwash liquid markets; Lux Liquid did better, and in the United States Lever Brothers Company successfully launched Dove Liquid.

In the scourers market Vim has continued to improve its share and, thanks largely to the successful introduction to many markets of Dual, a combined floor cleaner and polisher, we have been able to strengthen our position in the specialised household cleaning sector. Sales of bleaches have made good progress during the year. The market of enzymatic soakers was entered in the Netherlands with Luvil; this is specially designed to help to remove certain kinds of difficult stains during the soaking of clothes without the use of bleaching.

Although the use of household soaps has continued to contract

SALES  
(Fl. million)



in the more developed markets, it has been possible to expand still further the sales of both Sunlight and Lifebuoy in the developing markets, especially in India. Among toilet soaps the outstanding development has been the growth in many countries of sales of Rexona deodorant soap. Lux Toilet Soap has continued to benefit from the improvements in quality and presentation widely introduced in 1964.

Our interests in the Mexican detergent market were increased through the acquisition of a majority holding in Industrias 1-2-3 S.A.

The investigations of the Monopolies Commission in the United Kingdom into household detergents continued throughout the year. This involved our company in an immense amount of work both before and during the hearings it attended. We now await publication of the report later this year. The management of this company was put under additional strain in the summer by the reference of detergent prices to the Prices and Incomes Board. Investigations of this kind are not only costly but take a toll of managements' time and energy that cannot be viewed with relish. The Board found much in the industry that was to their liking. They reported, for example, that 'industrial relations are generally excellent and trade disputes infrequent' and they added that 'the quality of the management is impressive'. They found that the increase in the price of soap products was justified by sharp increases in costs, part of which had been absorbed by manufacturers at the expense of profit margins; and that the increase in the price of synthetic powders was greater than could be justified by the immediate movement in the costs of those products in isolation but was regarded in part as compensating for the falling margins on soap products. Their main recommendations were that the prices of synthetic products should not be increased before the end of 1966 and that the prices of soap products should not be increased before that date unless there was an apparently lasting upward movement in raw material costs. Their recommendations were accepted by our detergents company. The Prices and Incomes Board, in urging restraint over advertising and promotional expenditure, expressed the view that this went beyond the level needed for simply informing the consuming public of the choices open to it but also pointed out that advertising and promotion had important and useful functions, with the detergent companies amongst the most effective practitioners. The former statement was gladly seized upon by the eager critics of advertising; the latter was ignored.

## TOILET PREPARATIONS

Sales and profits were substantially better than in 1964. We recorded a marked increase in sales of toothpastes, particularly in the United Kingdom, Germany, France and some of the smaller markets overseas. With shampoos it was a similar story, the United Kingdom, France and Argentina all doing well. We have also made progress in hairdressings, particularly in France, with hair colourants in the United Kingdom, and in the development of sales to the hairdressing trade in Germany and the United Kingdom.

We continue to develop our interest in a wider range of toilet preparations and to spread the development of our existing lines into new markets throughout the world.

We are increasingly collaborating with a United States company, Abbott Laboratories, in the manufacture and sale of pharmaceutical products. Their cough remedy, Antussin, is now being sold by us in the United Kingdom, and an analgesic, Stendin, is on test market in the United States.

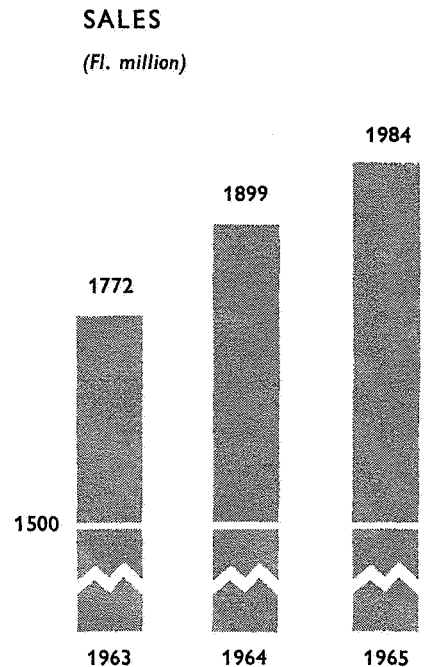
## ANIMAL FEEDING STUFFS

In the United Kingdom competition has intensified against a background of over-capacity in the industry, and this has increased the pressure on margins. The market for layer feeds dropped substantially as the result of low egg prices in 1964, but this loss of tonnage was largely regained by the continued growth of the broiler feed trade. There was a healthy increase in the sales of cattle and calf feeds. In accordance with our policy of recent years, we have continued to protect and promote our sales of compound animal feeds by increasing our investment in merchants' businesses.

Two small ventures in the farming of rainbow trout are under way in the United Kingdom. A pilot plant in Scotland is expected to come into operation during 1966, while feeding trials have been developed on a trout farm in Lincolnshire.

In the Netherlands, sales and profits of animal feeding stuffs improved. The integration of our animal feed interests has now been completed and is beginning to show its effectiveness. With low financial reserves in Dutch agriculture, the use of credit has been intensified.

Although compound feeds tonnages in general are still small in Pakistan and India, in both countries our sales are developing well.



## OTHER INDUSTRIAL INTERESTS

### PRINTING, PACKAGING AND PLASTICS

In general, 1965 was a period of consolidation. In the United Kingdom, Thames Board Mills Limited had a good trading year; it is expected that by the turn of this year their new pulp and board mill at Workington will have been added to their productive capacity. The French printing works is now in full operation.

We acquired Cartitalia S.p.A., a printing works in Northern Italy, and also a majority shareholding in a Congo factory for the production of fibreboard cases. In the United Kingdom, it is intended to expand the capacity of our printing works, and at Bromborough near Port Sunlight we opened a new factory for the manufacture of plastic bottles. In Canada we acquired the plastics business of Woodbridge Moulded Products.

### CHEMICALS

The chemical businesses, although finding competition intense, increased their sales and total profits were slightly up. The traditional businesses, based on silicates and on oleochemicals, continued to expand. There was a further increase in the sales of adhesives.

Three companies in the United Kingdom, Advita Limited, C. W. Field Limited and The Birmingham Chemical Company Limited, which previously sold their food additives and flavourings separately, have been amalgamated into a single business, Food Industries Limited. Cumming, Parsons Limited, a company manufacturing flavourings, was acquired.

The perfume companies in the United Kingdom and in France maintained their high level of exports.

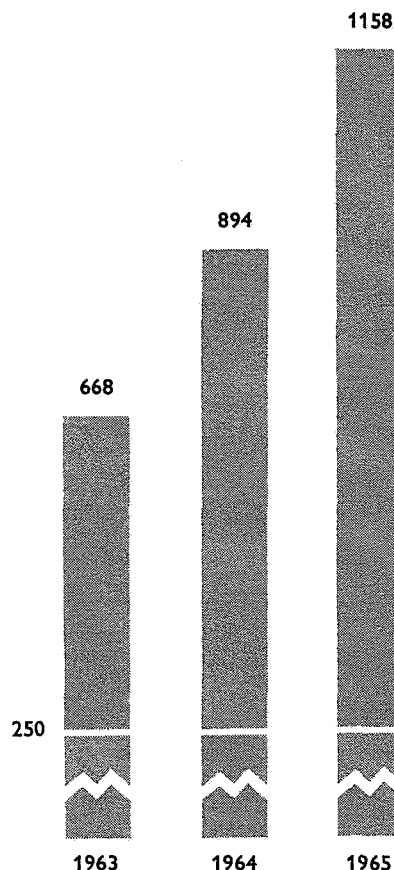
Sales of Unilever-Emery N.V. in the Netherlands increased considerably, but profit margins on specialised chemicals were affected by high raw material prices. The factory at Gouda was employed to full capacity.

In Canada, the business of Hart Chemicals Limited expanded well and profits improved considerably.

## THE UNITED AFRICA GROUP

In 1965 the turnover of the United Africa Group was slightly higher than in the previous year, but profits were down by about 13 per cent. Results improved in Nigeria, in the Gambia, and also in the Congolese Republic (Leopoldville), where conditions were more stable. The profits in French-speaking Africa fell

SALES  
(Fl. million)



from the very satisfactory levels recorded in 1964, and they were lower also in East Africa and Sierra Leone. In Ghana our businesses were affected by an uneven flow in import licences and conditions generally continued to be difficult. Satisfactory results were recorded in the Spanish territories, but our operations in Morocco remained unprofitable despite a pruning of expenses.

Palm Line had a difficult year. There was a drop in south-bound tonnage carried, and a substantial increase in operating costs, while prevailing freight rates on produce were quite uneconomic. Prospects for an early improvement are not good.

The motors business was less profitable than in 1964. Textiles operations were also less satisfactory in total, and in Nigeria the market was excessively stocked with cheap goods, despite the introduction of import quotas, while margins were under pressure in French-speaking Africa. On the other hand, our technical businesses made record profits. The timber ventures also did very well; substantially higher production was achieved in the plymill at Sapele in Nigeria, and overseas markets for our timber products were generally buoyant. Veneers are now being produced by an entirely new process of eccentric peeling, and this will open up to us new markets in the furniture trade. Higher profits were achieved by the pharmaceutical companies, despite difficulties in Ghana due to a shortage of import licences; business was much better in the Congo. Our department stores achieved higher profits in 1965. G. B. Ollivant continued to consolidate its trading activities and achieved higher profits on a slightly reduced turnover. Bordpak Limited, which manufactures outer cartons in Nigeria, had a successful first year of operations.

Of the Group's industrial investments the Premier Packaging venture, dealing with flexible packaging, and the matchet factory at Port Harcourt both came into production in 1965. The breweries in which the United Africa Group has a stake did well throughout the year; production capacity is being expanded at Moundou in the Tchad.

All told, the Group's joint ventures, which technically are trade investments but in whose management the Group plays a major part, earned for us in 1965 close on Fl. 10 million.

## PLANTATIONS

The Congolese Republic (Leopoldville) appears to be emerging slowly from its difficult times. We were unable to regain posses-



sion of the large plantations at Elisabetha and Mokaria, which we evacuated in August, 1964. We did, however, manage to reoccupy Yaligimba and the abandoned sectors of the Leverage District late in 1965 but no significant production can come from them until 1966. At our cattle ranch in the South, which we had to abandon two years ago, only several hundred head of cattle in a miserable condition remained of the original herd of about 4,000. We have therefore decided to close down this ranch instead of undertaking lengthy and costly restoration. In the past two years, the disturbances in the Congo have cost our plantations interests some Fl. 15 million in actual loss and damage to assets and stocks.

Good crops and selling prices enabled our plantations in other countries to do considerably better than expected in 1965.

The following table shows the output of the main crops of all our plantations for the last three years (in tons):—

	1963	1964	1965
Palm Oil . . . . .	76,800	63,700	58,400
Palm Kernels . . . . .	28,500	23,400	21,000
Rubber . . . . .	10,600	9,600	8,000
Copra . . . . .	5,700	5,900	6,000

Despite the falls in production of palm oil, palm kernels and rubber (all of which occurred in the Congo) the value of our sales was maintained in 1965.

## EXPORTS

In many countries, our companies play their part in the national drive for exports; the Netherlands and the United Kingdom, however, are still our most important export countries. Including United Africa Group merchandise, their trend has been:—

	1963	1964	1965
	Fl.	Fl.	Fl.
Netherlands . . . . .	409,588,000	442,811,000	417,844,000
United Kingdom . . .	497,586,000	447,454,000	505,817,000

Exports from the Netherlands of chemicals, and of meat products to the United States, were up. These gains, however, were more than offset by lower exports of edible fats and of the United Africa Group's merchandise.

There was a large increase in the United Africa Group's exports from the United Kingdom, and a general rise in the export of other products.

## FINANCE

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

	Fl. million				
	1961	1962	1963	1964	1965
<b>Cash Resources—1st January</b>					
(Cash and bank balances and marketable and short-term securities less bank advances) . . . . .	581	420	888	923	595
<b>Summary of Movements</b>					
<b>Source of Funds</b>					
Profits re-invested in the business . . . . .	344	324	342	397	411
Depreciation charged against profit . . . . .	309	341	365	412	453
Proceeds of disposals of fixed assets . . . . .	42	48	51	75	69
Proceeds of capital issues less preferential capital retired . . . . .	32	9	0	42	96
Loan capital movement . . . . .	9	178	29	148	170
	<u>736</u>	<u>900</u>	<u>729</u>	<u>990</u>	<u>1,007</u>
<b>Use of Funds</b>					
Expenditure on fixed assets (gross) . . . . .	595	565	614	653	673
Subsidiaries acquired . . . . .	129	44	107	347	129
Subscriptions to trade investments . . . . .	7	58	16	89	14
	<u>731</u>	<u>667</u>	<u>737</u>	<u>1,089</u>	<u>816</u>
<b>Other Movements in Funds</b>					
Working capital other than cash . . . . .	144	267	16	362	410
Others . . . . .	22	32	59	133	20
	<u>166</u>	<u>235</u>	<u>43</u>	<u>229</u>	<u>390</u>
<b>Increase / decrease of cash resources . . . . .</b>	<u>161</u>	<u>468</u>	<u>35</u>	<u>328</u>	<u>199</u>
<b>Cash Resources—31st December . . . . .</b>	<u>420</u>	<u>888</u>	<u>923</u>	<u>595</u>	<u>396</u>

Capital expenditure continued its upward trend in 1965, but cost of acquisitions was much lower than in 1964. They included Megs Macaroni Company in the United States, majority holdings in the Mexican edible fats and detergent business, Industrias 1-2-3 S.A. and North Eastern Fish Industries Limited, Newfoundland, as well as, in the United Kingdom, two meat businesses, Lawsons and Mattessons, and a chemical company, Cumming, Parsons Limited. The Lawson business was acquired, apart from a relatively small cash element, against an issue of LIMITED ordinary shares, having a market value of Fl. 26 million. The payments made on cancellation of the preferential capital of The British Oil and Cake Mills Limited and Van den Berghs and Jurgens Limited amounted to Fl. 122 million.

Increased turnover and higher raw material prices required a higher level of working capital other than cash which absorbed Fl. 410 million.

Apart from the £ 14 million 6<sup>3</sup>/<sub>4</sub>% debenture stock of LIMITED placed in 1965 at 98<sup>1</sup>/<sub>2</sub> per cent, one of our companies in Canada

arranged to raise Can. \$ 10 million by the issue of 6% debentures. Of this Can. \$ 7.7 million was received in 1965.

In December, 1965 n.v. issued Fl. 300 million (nominal) 6% 25-year Notes 1972/91 at 98 per cent, payable as to Fl. 225 million (nominal) in January, 1966 and Fl. 75 million (nominal) in 1967.

## CAPITAL PROJECTS

Among the major projects completed in 1965 were:—

Netherlands:	Hydrogen plant at Zwijndrecht;
United Kingdom:	Plant for deep freezing peas; Biological research buildings at Colworth House; Fat rendering plant at Exeter;
Germany:	Modernisation of toilet soap plant at Mannheim; Research laboratory at Hamburg; Three trawlers for "Nordsee"; Extension of packing materials factory at Göttingen; Printing works near Cologne; Modernisation of margarine factory at Cleves; Extension of factory for frozen foods at Wunstorf;
France:	Printing works at Beauvais; Spray-drying tower at Haubourdin;
Greece:	Detergent factory at Piraeus;
Austria:	Factory for deep frozen products and ice cream near Vienna;
United States:	Expansion and modernisation of ice cream plant at Brooklyn, New York.

Expenditure of Fl. 683 million was approved in 1965; the more important items are listed below:—

	Fl.
<b>MARGARINE, OTHER EDIBLE FATS AND OILS</b> . . . . .	67,300,000
Building and plant for catalysts for oil hardening at Bromborough, United Kingdom	
Warehouses in Germany	
Cottonseed de-linting installation at Bombay, India	
<b>OTHER FOODS</b> . . . . .	161,700,000
Modernisation and extension of factory for sundry food products at Delft, Netherlands	
Extension of manufacturing, storage and distribution facilities for ice cream and quick-frozen foods in the United Kingdom, Germany and the United States	
New instant tea plant, United States	
"Nordsee", Germany: new harbour installations; concentration of fish processing factories; new trawlers and improvements to existing trawlers	
<b>DETERGENTS AND TOILET PREPARATIONS</b> . . . . .	115,300,000
Concentration of production of detergents for industrial users at Maarssen, Netherlands	
Concentration of detergent production at Balmain (Sydney), Australia	
Spray-drying towers at Vlaardingen, Netherlands, and at Manila, Philippines	
Extension of facilities for toilet soap production at Port Sunlight, United Kingdom	
Warehouses in the Netherlands, United States and South Africa	
<b>ANIMAL FEEDING STUFFS</b> . . . . .	42,100,000
Silo at Hoogkerk, Netherlands	
Modernisation of oil mills in the United Kingdom	
<b>MERCHANDISE AND OTHER ACTIVITIES OF UNITED AFRICA GROUP AND PLANTATIONS</b> . . . . .	40,300,000
Headquarters building in Nigeria	
Plantations: milling and development	
<b>PRINTING, PACKAGING, PLASTICS, CHEMICALS AND OTHER INTERESTS</b> . . . . .	161,600,000
Additional plant for integrated pulp and board mill at Workington, United Kingdom	
Expansion PVC films production capacity at Forchheim, Germany	
Extension of synthetic aromas plant at Ashford, United Kingdom	
Formaldehyde plant at Warrington, United Kingdom	
<b>GENERAL</b>	
Motor vehicles (less sales of old vehicles) . . . . .	51,600,000
Additional research facilities mainly in the Netherlands, United Kingdom and India . . . . .	32,100,000
Housing and welfare facilities for employees . . . . .	11,000,000
Total	<u>Fl. 683,000,000</u>

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

	Fl. million	%
Europe.....	494	72.5
North and South America.....	70	10.2
Africa.....	60	8.7
Rest of the World.....	59	8.6
Total	<u>683</u>	<u>100.0</u>

## PERSONNEL

World-wide, there are now 294,000 employed by Unilever, of whom 31,400 are in positions of management.

Competition for the services of those who show an aptitude for management continues unabated. Indeed, in some countries it has been sharpened by the recent trend for proportionately fewer university graduates and other young people with ability to choose industry as a career. Against this background it is satisfactory to be able to report that we have continued to attract recruits of high quality. In the United Kingdom, and a number of other countries, our recruitment in 1965 from the universities was significantly higher than in 1964 and this without any lowering of our standards. Unilever, with its size and the variety of its operations, undoubtedly offers an attractive challenge to the young and ambitious. Great attention is paid both to selection and to subsequent training. A systematic annual review of management, by which recruitment is matched against a forecast of future needs, and which shapes the training and development of every individual manager, helps to ensure that lights are not left hidden under bushels and that ability and energy are properly rewarded.

In many countries, particularly in Western Europe, the industrial labour force can barely meet the demand, while in the developing countries the competition for skilled and experienced staff at all levels continues to be severe.

Our relations with trade unions in general continue to be good and there have been no serious or prolonged stoppages in any of our factories.

Unilever's pension contributions for its own and other pension schemes, including State pensions, and other payments for employees' retirement and death benefits amounted in 1965 to Fl. 258 million. The assets of the Unilever pension and provident funds increased from Fl. 2,159,000,000 to Fl. 2,362,000,000.

## CAPITAL AND MEMBERSHIP

LIMITED issued £ 400,000 ordinary shares in connection with the acquisition of the share capital of Robert Lawson & Sons (Holdings) Limited.

At the year-end LIMITED had 68,762 ordinary shareholders and 125,324 preference stockholders. N.V.'s capital being held by the public largely in the form of bearer scrip, the exact number of its members cannot be ascertained.

## DIVIDENDS

The proposed appropriations of the profits of the Parent Companies are shown in the consolidated profit and loss accounts (Statement A) on page 34.

The interim dividend on the ordinary capitals for 1965, and the final dividends now recommended by the Directors are as follows:—

	N.V. per Fl. 20 nominal:	LIMITED per 5s. nominal:
Interim	Fl. 2.53 (1964: Fl. 1.53)	9d. (1964: 5.5d.)
Final	Fl. 1.69 (1964: Fl. 2.65)	6d. (1964: 9.5d.)
Total	<u>Fl. 4.22 (1964: Fl. 4.18)</u>	<u>1s. 3d. (1964: 1s. 3d.)</u>

As was explained when the interim dividends were announced in November, the burden of taxation on LIMITED is reduced by paying before 6th April, 1966, a larger proportion of the total dividend for 1965, within the limits permitted by the United Kingdom Finance Act, 1965. The Equalisation Agreement made it necessary for N.V. to follow suit in order that the dividends would be equivalent in value under its terms.

It is intended to make the final dividends on the ordinary shares of both companies payable as from 10th May, 1966, except that the dividends on the New York shares of N.V. and on the American Depositary Receipts representing ordinary capital of LIMITED will be paid as from 1st June, 1966.

It is proposed to set aside Fl. 35,272,000 (N.V. Fl. 15,000,000, LIMITED £ 2,000,000 or Fl. 20,272,000) to reserve for replacement of fixed assets (on behalf of subsidiaries). After payment of the ordinary dividends for 1965, an amount of Fl. 375,292,000 remains to be added to the profits retained in the business.

In the United Kingdom for the fiscal year 1965/66, the income of LIMITED, being mainly made up of dividends from subsidiaries, is subject almost wholly to income tax and not to the new corporation tax. In these circumstances the provisions of the United Kingdom Finance Act, 1965 result in LIMITED being entitled to retain the tax deducted from the final ordinary dividend for 1965, even though it is not payable until after 5th April, 1966. This will almost certainly apply to other dividends payable on preference and ordinary capital before 6th April, 1967, and the first dividend on which LIMITED will have to account to the Inland Revenue for the tax deducted is likely to be the final dividend for 1966 which will be payable in the normal way in May, 1967.

It was explained in the 1961 Report and Accounts that the income from trade investments in the consolidated profit and loss account included the  $62\frac{1}{2}\%$  share of the income of the Leverhulme Trust to which one of the subsidiaries of LIMITED is entitled and which is derived almost entirely from the Trust's holding of £ 8,450,824 ordinary shares in LIMITED. The subsidiary concerned has waived its right to its share of the Trust income derived from the final dividend for 1964 and from the interim and final dividends for 1965 and in return the Trust has to that extent waived its right to these dividends due from LIMITED. This step has been taken to avoid unnecessary tax complications arising from what is, in effect, circulating income. These waivers reduce LIMITED's profit before tax for 1965 by Fl. 12,657,000 compared with 1964, and the consolidated net profit by Fl. 7,754,000. On the other hand, the cost to LIMITED of its dividends for 1965 is Fl. 7,866,000 less than it would have been if the waivers had not been made.

The combined earnings per share shown on page 46 have been calculated on the basis of excluding from the profit participation a proportion of the Trust's holding equal to the proportion of dividends due from LIMITED which has been waived. (1964 figures have been re-calculated on a comparable basis.)

## DIRECTORS

Mr. F. J. Tempel, on reaching retirement age, will retire from the Boards of N.V. and LIMITED at the forthcoming Annual General Meetings.

It is intended to appoint Mr. Harold S. A. Hartog as Chairman of N.V. and as a Vice-Chairman of LIMITED in succession to Mr. Tempel.

At the Annual General Meetings in 1965 Mr. J. G. Collingwood was elected to the Boards of both Companies.

In May, 1965, Mr. G. E. van Walsum, a former burgomaster of Rotterdam, was appointed an Advisory Director of N.V. and in September, 1965, Mr. Milton C. Mumford, Chairman of the Board of Lever Brothers Company, New York, was appointed an Advisory Director of LIMITED.

In December, 1965, Dr. J. E. de Quay, in view of other commitments, relinquished the advisory directorship of N.V. to which he was appointed early in 1964; Dr. K. P. van der Mandele and Jonkheer J. A. G. Sandberg, who became Advisory Directors of N.V. in 1939 and 1946 respectively, will retire on grounds of age in April 1966.

To all three gentlemen the Directors express their thanks for the help and wise counsel given to Unilever and their constituent businesses. A special tribute is due to Dr. Van der Mandele for all his help over an exceptionally long period, including the difficult war years. As long ago as 1915 he was appointed a Supervisory Director of N.V. Hollandsche Vereeniging tot Exploitatie van Margarinefabrieken "Hovema", which subsequently became part of Unilever. In 1928 he was appointed a Supervisory Director of N.V. Van den Bergh's Fabrieken, N.V.'s biggest Dutch subsidiary (now Van den Bergh's en Jurgens' Fabrieken N.V.). In 1939, as mentioned above, he became an Advisory Director of N.V. The ties between Dr. Van der Mandele and our Dutch companies thus reach back over 50 years.

We record with deep regret the death during the year of Dr. Paul Rijkens, a former Chairman of N.V. and Vice-Chairman of LIMITED. Dr. Rijkens retired from both Boards at the end of 1955, having been a member of them since the formation of Unilever in 1930. Thereafter he continued to be an Advisory Director of N.V. until his death.

In accordance with Article 21 of the Articles of Association all the Directors retire at the Annual General Meeting and with the exception of Mr. F. J. Tempel offer themselves for re-election. Mr. M. M. van Hengel has, however, indicated that on medical advice he intends to retire from 1st September, 1966.

## AUDITORS

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

Rotterdam, 15th March, 1966.

ON BEHALF OF THE BOARD,

F. J. TEMPEL, *Chairman.*

COLE, *Vice-Chairman.*

As announced in the Report of the Directors, Mr. F. J. Tempel on reaching retirement age will retire from the Boards of n.v. and LIMITED at the forthcoming Annual General Meetings. Mr. Tempel has been Chairman of n.v. since January, 1956, a Vice-Chairman of LIMITED since June, 1954, and a Director of both Companies since 1947. His colleagues place on record their high appreciation of his lifetime of service to Unilever. They are glad to note that he will continue as an advisory member of the Board of n.v.

COLE.

R. G. JURGENS



# Reports of the Auditors

## N.V. GROUP

TO THE MEMBERS OF UNILEVER N.V.

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

We have obtained all the information and explanations which we considered necessary and in our opinion the said accounts give a true and fair view of the state of affairs of the Company and its subsidiaries as at 31st December, 1965, and of their profit for the year 1965.

London/The Hague, }  
London/Rotterdam, } 15th March, 1966.

PRICE WATERHOUSE & Co.  
COOPER BROTHERS & Co.

## LIMITED GROUP

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

TO THE MEMBERS OF UNILEVER LIMITED

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

We are of the opinion that the balance sheet of the Company gives with the consolidated accounts a true and fair view of the state of its affairs at 31st December, 1965, 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 1965.

London, 15th March, 1966.

COOPER BROTHERS & Co.  
PRICE WATERHOUSE & Co.

# Consolidated profit and loss accounts

UNILEVER N.V. AND UNILEVER LIMITED AND THEIR SUBSIDIARIES

Fl. 000's. *Figures in red represent deductions.*

1964			1965			
LIMITED	N.V.	COMBINED		COMBINED	N.V.	LIMITED
8,207,099	8,907,503	<b>17,114,602</b>	1	<b>18,464,088</b>	9,511,466	8,952,622
7,653,754	8,240,907	15,894,661	2	17,274,360	8,872,254	8,402,106
553,345	666,596	<b>1,219,941</b>	3	<b>1,189,728</b>	639,212	550,516
29,820	8,458	<b>38,278</b>	4	<b>25,062</b>	9,260	15,802
22,938	8,538	<b>31,476</b>	5	<b>23,138</b>	11,694	11,444
9,133	15,672	24,805	6	40,088	23,343	16,745
1,926	6,101	8,027	7	12,211	7,609	4,602
595,044	661,819	<b>1,256,863</b>	8	<b>1,185,629</b>	629,214	556,415
286,413	301,149	587,562	9	522,009	286,773	235,236
308,631	360,670	<b>669,301</b>	10	<b>663,620</b>	342,441	321,179
5,443	1,843	7,286	11	<b>5,985</b>	14,226	8,241
8,160	18,640	26,800	12	23,754	17,267	6,487
295,028	340,187	<b>635,215</b>	13	<b>645,851</b>	339,400	306,451
26,992	14,377	41,369	14	40,582	14,694	25,888
268,036	325,810	<b>593,846</b>	15	<b>605,269</b>	324,706	280,563
62,965	133,794	196,759	16	194,705	135,075	59,630
30,408	10,000	<b>40,408</b>	17	<b>35,272</b>	15,000	20,272
174,663	182,016	<b>356,679</b>	18	<b>375,292</b>	174,631	200,661
205,071	192,016	<b>397,087</b>	19	<b>410,564</b>	189,631	220,933

## Notes

- 1 Sales have been converted to guilders at the rates of exchange ruling at the end of each quarter.  
2 Costs include:—

1964			<i>Fl. 000's</i>	1965		
LIMITED	N.V.	COMBINED		COMBINED	N.V.	LIMITED
190,172	221,870	412,042	Depreciation . . . . .	453,178	226,943	226,235
3,690	2,047	5,737	Emoluments of Directors as managers including contributions to pension funds for superannuation . . . . .	5,930	2,149	3,781
507	162	669	Superannuation of former Directors	823	164	659

Depreciation rates have been increased in 1965 to take account of higher obsolescence except in those countries (mainly in the n.v. Group) where fiscal rates in use are already adequate.

- 3 Operating profit for the whole of each year has been converted at the respective year-end rates.  
4 The 1965 figures for LIMITED do not include any income from the Leverhulme Trust (1964 income was Fl. 12,657,000)—(note 16).  
9 Taxation in LIMITED in 1965 comprises United Kingdom corporation tax (at a provisional rate of 40%) Fl. 155,162,000 less foreign tax relief Fl. 32,081,000 and foreign taxes of Fl. 112,155,000. Tax relief on investment allowances: n.v. Fl. 3,661,000 (1964 Fl. 4,087,000), LIMITED Fl. 22,553,000 (1964 Fl. 26,496,000).

The close company provisions of the United Kingdom Finance Act 1965 do not apply to LIMITED.

- 11 Exceptional items are as follows:—

1964			<i>Fl. 000's</i>	1965		
LIMITED	N.V.	COMBINED		COMBINED	N.V.	LIMITED
3,487	12,757	16,244	Taxation adjustments—previous years . . . . .	11,216	6,817	4,399
8,930	14,600	23,530	Other . . . . .	5,231	7,409	12,640
5,443	1,843	7,286		5,985	14,226	8,241

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

'Other' exceptional items are a balance of several items not applicable to current trading (e.g. in 1965 provisions for doubtful currencies in some African territories) and are shown after deduction of taxation.

- 14 Dividends are declared gross, but LIMITED, as a result of transitional arrangements under the Finance Act 1965, continues to retain United Kingdom income tax, deducted at the standard rate in force on the date of payment, from all dividends payable and  
16 for 1965 whereas n.v. pays its dividends gross.

Dividends are as follows:—

1964			<i>Fl. 000's</i>	1965		
LIMITED	N.V.	COMBINED		COMBINED	N.V.	LIMITED
44,061	14,377	58,438	Preferential dividends—gross . . . . .	58,755	14,694	44,061
17,069	—	17,069	United Kingdom income tax . . . . .	18,173	—	18,173
26,992	14,377	41,369		40,582	14,694	25,888
105,395	133,794	239,189	Ordinary and Deferred dividends—gross . . . . .	236,577	135,075	101,502
42,430	—	42,430	United Kingdom income tax . . . . .	41,872	—	41,872
62,965	133,794	196,759		194,705	135,075	59,630

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.

The Trustees of the Leverhulme Trust have waived their right to that part of the final 1964 and the total 1965 LIMITED ordinary dividend which flows back to the Company. The 1964 figures have been revised to reflect the reduction in the net dividend of Fl. 4,976,000 with a corresponding increase in the profits retained (see note 4).

- 17 In view of the continuing rise during 1965 in the cost of replacement of plant, machinery and other equipment it is proposed to set aside Fl. 35,272,000 (n.v. Fl. 15,000,000, LIMITED Fl. 20,272,000 or £ 2,000,000) of the retention of profit for the year 1965 to fixed assets replacement reserve. In 1964 the amount set aside was Fl. 40,408,000 (n.v. Fl. 10,000,000, LIMITED Fl. 30,408,000 or £ 3,000,000).

## Consolidated balance sheets

UNILEVER N.V. AND UNILEVER LIMITED AND THEIR SUBSIDIARIES

Fl. 000's. *Figures in red represent deductions.*

31st December, 1964			31st December, 1965			
LIMITED	N.V.	COMBINED	COMBINED	N.V.	LIMITED	
570,596	265,060	<b>835,656</b>	<b>CAPITAL EMPLOYED</b>			
			<b>1 Preferential capital—</b>			
			N.V. and Limited . . . . .	<b>835,656</b>	265,060	570,596
			<b>Ordinary capital and reserves</b>			
539,244	640,165	<b>1,179,409</b>	2 Ordinary capital—N.V. and Limited . .	<b>1,184,209</b>	640,165	544,044
2,550,005	1,695,976	<b>4,245,981</b>	3 Profits retained in the business and other reserves . . . . .	<b>4,566,091</b>	1,864,254	2,701,837
			<b>Ordinary shareholders' funds . .</b>			
3,089,249	2,336,141	<b>5,425,390</b>	4 <b>Outside interest in subsidiaries . .</b>	<b>5,750,300</b>	2,504,419	3,245,881
110,064	115,042	<b>225,106</b>	5 <b>Loan capital . . . . .</b>	<b>198,885</b>	123,026	75,859
215,441	472,799	<b>688,240</b>	6 <b>Deferred liabilities . . . . .</b>	<b>858,771</b>	462,859	395,912
416,590	261,000	<b>677,590</b>	7 N.V./Limited Inter-Group items . . .	<b>735,093</b>	281,000	454,093
160,430	160,430	—		—	118,582	118,582
4,241,510	3,610,472	<b>7,851,982</b>		<b>8,378,705</b>	3,754,946	4,623,759
			<b>EMPLOYMENT OF CAPITAL</b>			
2,411,820	1,881,581	<b>4,293,401</b>	8 <b>Land, buildings and plant . . . . .</b>	<b>4,536,015</b>	2,006,069	2,529,946
133,542	120,818	<b>254,360</b>	9 <b>Trade investments . . . . .</b>	<b>272,768</b>	133,439	139,329
17,008	94,993	<b>112,001</b>	10 <b>Long-term claims . . . . .</b>	<b>166,247</b>	145,833	20,414
2,562,370	2,097,392	<b>4,659,762</b>		<b>4,975,030</b>	2,285,341	2,689,689
			<b>Current assets</b>			
1,604,620	1,440,272	<b>3,044,892</b>	11 Stocks . . . . .	<b>3,367,569</b>	1,519,553	1,848,016
924,616	730,843	<b>1,655,459</b>	12 Debtors . . . . .	<b>1,768,367</b>	763,210	1,005,157
285,927	252,818	<b>538,745</b>	13 Marketable and short-term securities . .	<b>504,423</b>	309,285	195,138
245,514	467,809	<b>713,323</b>	14 Cash and bank balances . . . . .	<b>625,651</b>	322,251	303,400
3,060,677	2,891,742	<b>5,952,419</b>		<b>6,266,010</b>	2,914,299	3,351,711
			<b>Current liabilities</b>			
682,051	773,148	1,455,199	15 Creditors . . . . .	1,596,925	838,691	758,234
362,656	294,661	657,317	16 Bank advances . . . . .	733,813	342,685	391,128
282,967	205,633	488,600	17 Provision for taxation . . . . .	419,678	188,395	231,283
53,863	105,220	159,083	18 Dividends . . . . .	111,919	74,923	36,996
1,381,537	1,378,662	2,760,199		2,862,335	1,444,694	1,417,641
1,679,140	1,513,080	<b>3,192,220</b>		<b>3,403,675</b>	1,469,605	1,934,070
4,241,510	3,610,472	<b>7,851,982</b>		<b>8,378,705</b>	3,754,946	4,623,759
			<b>Net current assets . . . . .</b>			

## Notes

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

1 LIMITED's consolidated balance sheet has been converted at the official parity of £ 1 = Fl. 10.136 except that LIMITED's ordinary capital has been converted at the rate of £ 1 = Fl. 12. The consequential adjustment is shown in note 3 below.

2 The increase in ordinary capital of LIMITED is referred to in note 2 of statement D.

3 Movements in profits retained and other reserves were:—

	Fl. 000's		
	COMBINED	N.V.	LIMITED
<b>Premiums on capital issued</b>			
At 1st January, 1965 . . . . .	69,174	52,166	17,008
Arising on issue of ordinary capital—see note 2 of statement D . . . . .	22,299	—	22,299
Discount and expenses on issue of £ 14,000,000 debenture stock 1985/88 . . . . .	3,648	—	3,648
At 31st December, 1965 . . . . .	87,825	52,166	35,659
<b>Adjustment on conversion of Limited's ordinary capital at £ 1 = Fl. 12</b>			
At 1st January, 1965 . . . . .	83,763	—	83,763
Arising on issue of ordinary capital in 1965 . . . . .	745	—	745
At 31st December, 1965 . . . . .	84,508	—	84,508
<b>Profits retained in the business</b>			
At 1st January, 1965*) . . . . .	4,260,570	1,643,810	2,616,760
Adjustment to deferred liability for taxation (note 6) . . . . .	12,822	—	12,822
Goodwill on acquisition of new subsidiaries after deducting surplus on revaluation of fixed assets Fl. 20,700,000 (N.V. Fl. 773,000, LIMITED Fl. 19,927,000)**) . . . . .	19,050	5,904	13,146
Excess over nominal value paid on cancellation of preferential capital of subsidiaries . . . . .	50,832	—	50,832
Provisions against trade investments and exchange and other adjustments on consolidation . . . . .	25,656	15,449	10,207
Fixed assets replacement reserve . . . . .	35,272	15,000	20,272
Other profits retained . . . . .	375,292	174,631	200,661
Profit for the year retained . . . . .	410,564	189,631	220,933
At 31st December, 1965***) . . . . .	4,562,774	1,812,088	2,750,686
	4,566,091	1,864,254	2,701,837

\*) LIMITED profits retained at 1st January, 1965, have been increased by Fl. 4,976,000 due to the waiving by the Trustees of the Leverhulme Trust of their right to part of the final 1964 LIMITED ordinary dividend (note 16 on statement A).

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

\*\*\*) Includes cumulative fixed assets replacement reserve Fl. 75,680,000 (N.V. Fl. 25,000,000, LIMITED Fl. 50,680,000).

5 Movements in 1965 include issues in LIMITED of £ 14,000,000 (Fl. 141,904,000) 6<sup>3</sup>/<sub>4</sub>% debenture stock 1985/88 taken up in the United Kingdom and Can. \$ 7,700,000 (Fl. 25,340,000) 6% debentures 1966/85 taken up in Canada.

In N.V. Fl. 300,000,000 6% Notes 1972/91 were issued in December, 1965, the proceeds of which will not be received until 1966/67 and are not reflected in these accounts.

Loan capital includes amounts repayable:—

	Fl. 000's		
	COMBINED	N.V.	LIMITED
after 1 year but within 5 years . . . . .	231,458	219,305	12,153
after 5 years but within 10 years . . . . .	174,435	80,586	93,849
after 10 years but within 20 years . . . . .	313,418	140,143	173,275
after 20 years . . . . .	139,460	22,825	116,635
Total	858,771	462,859	395,912

Loan capital is secured to the extent of N.V. Fl. 50,817,000, LIMITED Fl. 355,287,000.

## STATEMENT B

*Notes (continued)*

## 6 Deferred liabilities are as follows:—

1964			<i>Fl. 000's</i>	1965		
LIMITED	N.V.	COMBINED		COMBINED	N.V.	LIMITED
267,590	93,000	360,590	Taxation . . . . .	408,931	116,000	292,931
149,000	168,000	317,000	Unfunded retirement benefits . . . . .	326,162	165,000	161,162
416,590	261,000	677,590		735,093	281,000	454,093

## Taxation deferred liabilities include:—

(1) United Kingdom corporation tax Fl. 112,510,000 (at a provisional rate of 40%) on the profits of 1965 and due on 1st January, 1967 (1964: United Kingdom income tax on the profits of 1964) and certain foreign taxes which are not in the nature of current liabilities.

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

## Less

(3) estimated future taxation relief on the provisions for unfunded retirement benefits.

In 1964, provisions at 1st January, 1964 for deferred taxation less estimated future taxation relief on provisions for unfunded retirement benefits were recalculated at a provisional corporation tax rate of 35% and the excess was released to profits retained. As a result of adopting a revised corporation tax rate of 40%, Fl. 12,822,000 of the released provisions has been restored (note 3).

Unfunded retirement benefits represent the estimated present value of the future liability for retirement and death benefits to past and present employees other than benefits provided through pension and provident funds.

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

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

*Fl. 000's***Cost or valuation\***

	COMBINED	N.V.	LIMITED
At 1st January, 1965 . . . . .	7,067,735	3,331,960	3,735,775
Expenditure . . . . .	672,807	356,392	316,415
Proceeds of disposals . . . . .	68,547	25,287	43,260
New subsidiaries . . . . .	123,218	48,090	75,128
Adjustments on disposals, revaluations and exchange differences . . . . .	244,060	132,523	111,537
At 31st December, 1965 . . . . .	7,551,153	3,578,632	3,972,521

**Depreciation**

At 1st January, 1965 . . . . .	2,774,333	1,450,379	1,323,954
Charged to profit and loss account . . . . .	453,178	226,943	226,235
New subsidiaries . . . . .	30,969	4,859	26,110
Adjustments on disposals, revaluations and exchange differences . . . . .	243,342	109,618	133,724
At 31st December, 1965 . . . . .	3,015,138	1,572,563	1,442,575

**Net balance sheet amounts**

Land . . . . .	212,554	118,076	94,478
Buildings . . . . .	1,921,140	816,245	1,104,895
Plant and equipment . . . . .	2,260,520	1,042,446	1,218,074
Ships . . . . .	141,801	29,302	112,499
	4,536,015	2,006,069	2,529,946

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

At 31st December, 1965 the amount of capital expenditure authorised by the Boards and still not spent was Fl. 620,000,000 (N.V. Fl. 297,000,000, LIMITED Fl. 323,000,000). Of this amount commitments had been entered into for Fl. 205,000,000 (N.V. Fl. 74,000,000, LIMITED Fl. 131,000,000).

*Notes (continued)*

- 9 Trade investments are mostly companies in which Unilever owns 50% or less of the ordinary share capital and which are not therefore included in the consolidation.

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

	Book amount 31st December, 1965	Fl. 000's	
		Unilever share of	
		Net Assets	Net Profits after tax
Europe . . . . .	177,943	226,058	20,350
North and South America . . . . .	22,153	27,823	4,613
Africa . . . . .	50,212	79,165	12,785
Rest of the World . . . . .	22,460	18,761	1,067
	<u>272,768</u>	<u>351,807</u>	<u>36,681</u>

Income from trade investments, before tax, taken up in 1965 amounted to Fl. 25,062,000.

In N.V., trade investments are shown principally at cost less a provision of Fl. 68,069,000.

In LIMITED, trade investments are shown at net book amount at 31st December, 1947, with additions at cost or valuation, less Fl. 10,328,000 written off.

- 10 Long-term claims comprise balances which are not due for repayment within one year.
- 11 Stocks are consistently stated at 31st December, 1964 and 1965, on the basis of the lower of cost—mainly averaged cost—and net realisable value.
- 13 Marketable and short-term securities comprise quoted, mainly dated, stocks, N.V. Fl. 59,964,000, LIMITED Fl. 107,411,000 (market value N.V. Fl. 68,617,000, LIMITED Fl. 105,739,000) and unquoted, mainly municipal and other, short-term loans.
- 16 Bank advances are secured to the extent of N.V. Fl. 30,040,000, LIMITED Fl. 30,398,000.

**GENERAL**

Foreign currencies have been converted at the appropriate official parities or other current rates of exchange at the year end. There are restrictions on transfer of some currencies. The net assets and net profits in countries subject to severe restrictions, after making appropriate provisions, are not material in relation to total net assets and net profits.

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

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

## Balance sheet

UNILEVER N.V.

Fl. 000's. *Figures in red represent deductions.*

31st December, 1964

31st December, 1965

		<b>CAPITAL EMPLOYED</b>	
		<b>1 Preferential capital</b>	
			<i>Authorised</i> <i>Issued and fully paid</i>
	29,000	7% Cumulative Preference . . . . .	30,000      29,000
	161,060	6% Cumulative Preference . . . . .	200,000      161,060
	75,000	4% Cumulative Preference . . . . .	75,000      75,000
			<u>305,000</u> <u>265,060</u>
<b>265,060</b>			
		<b>2 Ordinary capital and reserves</b>	
	642,565	Ordinary capital . . . . .	1,002,400      642,565
	52,166	Premiums on capital issued . . . . .	52,166
	316,198	Profits retained in the business and other reserves . . . . .	334,570
			<u>1,029,301</u>
<b>1,010,929</b>			
	<b>21,874</b>		
	<b>1,297,863</b>		
		<b>3 Indebtedness—Limited Group . . . . .</b>	<u>1,255</u>
			<b>1,293,106</b>
		<b>EMPLOYMENT OF CAPITAL</b>	
		<b>4 Interests in subsidiaries</b>	
	260,375	Shares at cost . . . . .	260,375
	1,019,771	Advances . . . . .	1,003,284
			<u>1,263,659</u>
	1,280,146		
	117,948	<i>Less: Deposits . . . . .</i>	<u>134,549</u>
<b>1,162,198</b>			<b>1,129,110</b>
		<b>5 Current assets</b>	
	13,183	Debtors and payments in advance . . . . .	34,009
	72,873	Marketable and short-term securities . . . . .	53,538
	162,548	Cash and bank balances . . . . .	164,840
			<u>252,387</u>
<b>248,604</b>			
		<b>6 Current liabilities and provisions</b>	
	8,015	Creditors . . . . .	13,689
	1,409	Provision for taxation . . . . .	1,399
	103,515	Dividends, due or proposed . . . . .	73,303
			<u>88,391</u>
<b>112,939</b>			
<b>135,665</b>			<b>163,996</b>
<b>1,297,863</b>			<b>1,293,106</b>

On behalf of the Board,

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



*Notes*

- 1 The 4% cumulative preference capital is redeemable at par at the Company's option either wholly or in part.
- 2 Fl. 1,200,000 of ordinary capital is held by a subsidiary of n.v. and Fl. 1,200,000 by a subsidiary of LIMITED, who have waived their rights to the dividends for 1965.

The profit and loss account of n.v. for 1965 is as follows:—

*Fl. 000's*

Income from subsidiaries . . . . .	157,866	
Interest . . . . .	11,086	
Sundries . . . . .	<u>1,030</u>	
		169,982
Less: General expenses . . . . .		<u>1,042</u>
Profit for the year . . . . .		<u>168,140</u>

The movements in profits retained in the business and other reserves were:—

*Fl. 000's*

Balance at 1st January, 1965 . . . . .		316,198
Profit for the year . . . . .	168,140	
Preferential dividends . . . . .	<u>14,693</u>	
Ordinary dividends . . . . .	<u>135,075</u>	
		15,000
Fixed assets replacement reserve (on behalf of subsidiaries) . . . . .		<u>3,372</u>
Other profits retained . . . . .		
Profit for the year retained . . . . .		<u>18,372</u>
Balance at 31st December, 1965 *) . . . . .		<u>334,570</u>

\*) Includes cumulative fixed assets replacement reserve Fl. 25,000,000.

- 5 Debtors and payments in advance (Fl. 688,000) have been shown after provision for doubtful debts.

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

**GENERAL**

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

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

Fl. 300,000,000 6% Notes 1972/91 were issued in December, 1965, the proceeds of which will not be received until 1966/67 and are not reflected in these accounts.

## Balance sheet

UNILEVER LIMITED

£ 000's. *Figures in red represent deductions.*

31st December, 1964

31st December, 1965

		<b>CAPITAL EMPLOYED</b>		
			<i>Authorised</i>	<i>Issued and fully paid</i>
		<b>1 Preferential capital</b>		
	35,985	7 <sup>0</sup> / <sub>10</sub> Cumulative Preference } Ranking . . . . .	35,985	35,985
	2,360	5 <sup>0</sup> / <sub>10</sub> Cumulative Preference } <i>pari passu</i> . . . . .	4,015	2,360
	15,662	8 <sup>0</sup> / <sub>10</sub> Cumulative A Preference . . . . .	40,000	15,662
	2,287	20 <sup>0</sup> / <sub>10</sub> Cumulative Preferred Ordinary . . . . .	2,287	2,287
<b>56,294</b>			<u>82,287</u>	<b>56,294</b>
		<b>2 Ordinary and deferred capital and reserves</b>		
	44,937	Ordinary capital . . . . .	59,031	45,337
	100	Deferred capital . . . . .	100	100
	45,037		<u>59,131</u>	45,437
	1,678	Premiums on capital issued . . . . .		3,518
	116,131	Profits retained in the business and other reserves . . . . .		123,111
<b>162,846</b>				<b>172,066</b>
		<b>3 Loan capital</b>		
	7,503	3 <sup>3</sup> / <sub>4</sub> <sup>0</sup> / <sub>10</sub> Debenture stock, 1955/75 } Ranking . . . . .		7,427
	11,002	4 <sup>0</sup> / <sub>10</sub> Debenture stock, 1960/80 } <i>pari passu</i> . . . . .		10,914
	—	6 <sup>3</sup> / <sub>4</sub> <sup>0</sup> / <sub>10</sub> Debenture stock, 1985/88 } . . . . .		14,000
<b>18,505</b>				<b>32,341</b>
<b>2,839</b>		<b>4 Deferred liabilities</b> . . . . .		<b>3,980</b>
<b>240,484</b>		<b>5 Indebtedness of N.V. Group</b> . . . . .		<b>11,210</b>
13,580				<u>253,471</u>
<b>226,904</b>				
		<b>EMPLOYMENT OF CAPITAL</b>		
		<b>6 Fixed assets</b>		
	10,903	Land, buildings and plant . . . . .		10,870
	5,994	Trade investments . . . . .		5,826
<b>16,897</b>				<b>16,696</b>
		<b>7 Interests in subsidiaries</b>		
	109,478	Shares . . . . .		144,757
	128,247	Advances . . . . .		117,687
	237,725			262,444
	57,764	<i>Less: Deposits</i> . . . . .		50,290
<b>179,961</b>				<b>212,154</b>
		<b>8 Current assets</b>		
	4,051	Debtors . . . . .	1,655	
	20,658	Marketable and short-term securities . . . . .	12,851	
	15,065	Cash and bank balances . . . . .	18,249	
	39,774			32,755
		<b>9 Current liabilities</b>		
	2,345	Creditors . . . . .	3,390	
	2,363	Provision for taxation . . . . .	1,114	
	5,020	Dividends (net), due or proposed . . . . .	3,630	
	9,728			8,134
<b>30,046</b>				<b>24,621</b>
<b>226,904</b>				<u>253,471</u>
				<b>24,621</b>
				<u>253,471</u>

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

## Notes

- 2 The issued ordinary capital has been increased by £ 400,000 in connection with the acquisition of the share capital of Robert Lawson & Sons (Holdings) Ltd. The premium on issue of this capital was £ 2,200,000.

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

The movements in profits retained in the business and other reserves were:—

	£ 000's
Balance at 1st January, 1965 . . . . .	116,131
Profit for the year . . . . .	15,417
Preferential dividends . . . . .	2,554
Ordinary and Deferred dividends . . . . .	5,883
Fixed assets replacement reserve (on behalf of subsidiaries) . . . . .	2,000
Other profits retained . . . . .	4,980
Profit for the year retained . . . . .	6,980
Balance at 31st December, 1965*). . . . .	<u>123,111</u>

Profits retained at 1st January, 1965, have been increased by £ 491,000 due to the waiving by the Trustees of the Leverhulme Trust of their right to part of the final 1964 ordinary dividend.

\*) Includes cumulative fixed assets replacement reserve £ 5,000,000.

- 3 £ 14,000,000 6<sup>3</sup>/<sub>4</sub>% debenture stock 1985/88 was issued in February 1965 at £ 98 10s. per cent. Discount and expenses amounting to £ 360,000 have been charged to premiums on capital issued. The three issues of debenture stock are secured by a floating charge on the assets of the Company. During the year £ 76,000 of 3<sup>3</sup>/<sub>4</sub>% debenture stock 1955/75 and £ 88,000 of 4% debenture stock 1960/80 were purchased by the Company.

- 4 Deferred liabilities are as follows:—

	1964	1965
	£ 000's	£ 000's
1,851 Taxation . . . . .		2,711
988 Unfunded retirement benefits . . . . .		1,269
<u>2,839</u>		<u>3,980</u>

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

- 6 Land, buildings and plant:—

	1964	1965
	£ 000's	£ 000's
13,466 At valuation 1st January, 1953, with additions at cost . . . . .		13,904
2,563 Depreciation . . . . .		3,034
<u>10,903</u>		<u>10,870</u>

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

- 7 Shares in subsidiaries are stated at Directors' valuation made on the re-arrangement of the Unilever Groups in 1937, with bonus shares at par and other additions at cost or valuation less amounts written off. The movement during the year arises mainly from the cost of cancellation of preferential capital of The British Oil and Cake Mills Ltd. and Van den Berghs and Jurgens Ltd. and the acquisition of the shares of Robert Lawson & Sons (Holdings) Ltd.
- 8 Marketable and short-term securities comprise short-dated government and municipal stocks £ 7,251,000 (market value £ 7,312,000) and short-term municipal loans £ 5,600,000.

## GENERAL

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

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

The estimated commitments for capital expenditure at 31st December, 1965 were £ 462,000.

## UNILEVER PRINCIPAL SUBSIDIARIES

*Subsidiary companies are those companies in which N.V. and LIMITED, directly or indirectly, either hold more than 50% of the equity (i.e., ordinary) capital or, being shareholders, control the composition of a majority of the board of directors. The more important subsidiaries are shown below.*

---

### EUROPE

#### BELGIUM

Hartog's Levensmiddelen N.V.  
Iglo-Ola N.V.  
Lever N.V.  
Union N.V.

#### DENMARK

Solofabriken A/S  
Sunlight Fabrikkerne A/S

#### GERMANY

Deutsche Lebensmittelwerke G.m.b.H.  
Elida G.m.b.H.  
Folienfabrik Forchheim G.m.b.H.  
Langnese-Iglo G.m.b.H.  
Margarine-Union G.m.b.H.  
Heinrich Nicolaus G.m.b.H.  
"Nordsee" Deutsche Hochseefischerei G.m.b.H.  
R. Rube & Co., G.m.b.H.  
Papierfabrik Seltmans G.m.b.H.  
Sunlight G.m.b.H.

#### IRELAND

Lever Brothers (Ireland) Ltd.  
W. & C. McDonnell Ltd.

#### SPAIN

Agra, S.A. Acidos Grasos y Derivados  
Lever Ibérica, S.A.

#### FRANCE

Astra-Calvé  
Savonneries Lever  
Thibaud Gibbs et Cie

#### GREECE

Industrie Hellénique de Détergents S.A. (E.V.A.)

#### ITALY

Lever Gibbs S.p.A.  
Società Partenopea Imbottigliamento Confezione  
Alimenti S.P.I.C.A. S.p.A.  
Van den Bergh S.p.A.

#### NETHERLANDS

Van den Bergh's en Jurgens' Fabrieken N.V.  
Calvé-De Betuwe N.V.  
Iglo N.V.  
Lever's Zeep-Maatschappij N.V.  
N.V. Mengvoeder U.T.-Delfia  
Unilever-Emery N.V.  
Unilever Export N.V.  
Unox N.V.  
Vinolia N.V.

#### AUSTRIA

"Apollo" Seifen und Waschmittel G.m.b.H.  
"Elida" Wiener Parfümerie Gesellschaft m.b.H.  
Iglo-Feinfrost G.m.b.H.  
"Kunerol" Nahrungsmittel G.m.b.H.  
Oesterreichische Unilever G.m.b.H.

#### PORTUGAL

Industrias Lever Portuguesa Lda.

#### SWITZERLAND

"Astra" Fett- & Oelwerke A.G.  
Oel- & Fettwerke "Sais"  
Sunlight A.G.

#### FINLAND

S.W. Paasivaara-Yhtymä Oy.  
Turun Saippua Oy.

#### SWEDEN

AB Centrava  
AB Liva Fabriker  
AB Sunlight

#### TURKEY

Unilever-Is Ticaret ve Sanayi Türk Limited Sirketi

#### UNITED KINGDOM

Batchelors Foods Ltd.  
Van den Berghs and Jurgens Ltd.  
Birds Eye Foods Ltd.  
The British Oil and Cake Mills Ltd.  
Joseph Crosfield & Sons Ltd.  
Domestos Ltd.  
Gibbs Proprietaries Ltd.

Lever Brothers & Associates Ltd.  
Mac Fisheries Ltd.  
Palm Line Ltd.  
Price's (Bromborough) Ltd.  
Proprietary Perfumes Ltd.  
R. Silcock & Sons Ltd.  
S.P.D. Ltd.  
Thames Board Mills Ltd.  
Unilever Export Ltd.  
The United Africa Company Ltd.  
T. Wall & Sons (Ice Cream) Ltd.  
T. Wall & Sons (Meat & Handy Foods) Ltd.  
John West Foods Ltd.

#### **NORTH AND SOUTH AMERICA**

##### **CANADA**

Lever Brothers Ltd.  
Thomas J. Lipton Ltd.

##### **MEXICO**

Lever de Mexico S.A.

##### **UNITED STATES OF AMERICA**

Lever Brothers Company  
Thomas J. Lipton Inc.

##### **ARGENTINE**

Lever Hermanos Limitada S.A. Comercial y  
Industrial

##### **BRAZIL**

Industrias Gessy Lever S.A.

##### **PERU**

Lever Pacocha S.A.

##### **TRINIDAD**

Lever Brothers West Indies Ltd.

#### **AFRICA**

##### **ALGERIA**

Unilever Algérie

##### **CAMEROONS**

Pamol (Cameroons) Ltd.

##### **CONGOLESE REPUBLIC (LEOPOLDVILLE)**

Plantations Lever au Congo S.C.A.R.L.  
Sedec S.C.A.R.L.  
Société des Margarineries et Savonneries Congolaises  
"Marsavco" S.C.A.R.L.

##### **GHANA**

Kingsway Stores of Ghana Ltd.  
Lever Brothers Ghana Ltd.  
The United Africa Company of Ghana Ltd.

#### **IVORY COAST**

Compagnie Française de la Côte d'Ivoire

#### **KENYA**

East Africa Industries Ltd.  
Gailey & Roberts Ltd.

#### **MALAWI**

Lever Brothers (Malawi) Ltd.

#### **NIGERIA**

African Timber and Plywood (Nigeria) Ltd.  
Kingsway Stores of Nigeria Ltd.  
Lever Brothers (Nigeria) Ltd.  
Pamol (Nigeria) Ltd.  
The United Africa Company of Nigeria Ltd.

#### **RHODESIA**

Lever Brothers (Private) Ltd.

#### **SIERRA LEONE**

The United Africa Company of Sierra Leone Ltd.

#### **SOUTH AFRICA**

Lever Brothers (Proprietary) Ltd.

#### **ZAMBIA**

Lever Brothers Zambia Ltd.

#### **REST OF THE WORLD**

##### **CEYLON**

Lever Brothers (Ceylon) Ltd.

##### **INDIA**

Hindustan Lever Ltd.

##### **MALAYSIA**

Pamol (Malaya) Ltd.  
Pamol (Sabah) Ltd.  
Sharikat Berhad Lever Brothers (Malaya)

##### **PAKISTAN**

Lever Brothers Pakistan Ltd.

##### **PHILIPPINES**

Philippine Refining Company Inc.

##### **THAILAND**

Lever Brothers (Thailand) Ltd.

##### **AUSTRALIA**

Rosella Foods Proprietary Ltd.  
Streets Ice Cream Proprietary Ltd.  
Unilever Australia Proprietary Ltd.

##### **NEW ZEALAND**

Unilever New Zealand Ltd.

# Combined earnings and dividends per share

1965 above 1964

	Netherlands Guilders	U.K. Sterling s/d	Belgium Francs	France Francs	Germany Marks	Switzerland Francs	U.S.A. Dollars
Per Fl. 12 or £ 1 of ordinary capital:—							
Earnings . . . . .	6.48 6.30	12/9.44 12/5.22	89.51 87.04	8.84 8.60	7.16 6.96	7.83 7.61	1.79 1.74
Dividends . . . . .	2.53 2.51	5/0 5/0	34.97 34.64	3.45 3.42	2.80 2.77	3.06 3.03	0.70 0.70
Per Fl. 20 of ordinary capital:—							
Earnings . . . . .	10.80 10.50	21/3.73 20/8.69	149.18 145.07	14.73 14.33	11.93 11.61	13.05 12.69	2.98 2.90
Dividends . . . . .	4.22 4.18	8/4 8/4	58.29 57.73	5.76 5.70	4.66 4.62	5.10 5.05	1.17 1.17

The figure of earnings per share should not be considered as more than a guide for comparing the combined profits from year to year, and should not be taken as the amount that would be paid to the ordinary shareholders if all the profits for the year were distributed as dividend. Reference is made to the booklet *Equalisation Agreement and Earnings per Share* which is available on request. In calculating the earnings per share 62½% of the £ 8,450,824 LIMITED ordinary shares held by the *Leverhulme Trust* has been excluded from the profit participation—see page 30.

## Salient figures in other currencies

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

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

Million—1965 above 1964

	U.K. Sterling	Belgium Francs	France Francs	Germany Marks	Switzerland Francs	U.S.A. Dollars
Turnover . . . . .	2,326.5 2,145.7	325,707 300,395	32,152 29,653	26,057 24,032	28,476 26,263	6,514 6,008
of which Sales to third parties . . . . .	1,821.6 1,688.5	255,029 236,390	25,175 23,335	20,402 18,911	22,297 20,667	5,101 4,728
Profit before taxation . . . . .	117.0 124.0	16,376 17,360	1,617 1,714	1,310 1,389	1,432 1,518	327 347
Taxation for the year . . . . .	51.5 58.0	7,210 8,116	712 801	577 649	630 710	144 162
Exceptional items . . . . .	0.6 0.7	83 101	8 10	7 8	7 9	2 2
Consolidated net profit . . . . .	63.7 62.7	8,921 8,774	881 866	714 702	780 767	178 175
Ordinary dividends . . . . .	19.2 19.4	2,689 2,718	265 268	215 217	235 238	54 54
Profit retained in the business . . . . .	40.5 39.2	5,671 5,485	560 542	454 439	496 479	113 110
Capital employed . . . . .	826.6 774.7	115,728 108,453	11,424 10,706	9,258 8,676	10,118 9,482	2,315 2,169
Expenditure on fixed assets (gross) . . . . .	66.4 64.4	9,293 9,013	917 890	743 721	812 788	186 180
Depreciation . . . . .	44.7 40.7	6,259 5,691	618 562	501 455	547 498	125 114

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

## Dates for Unilever N.V. shareholders to note

### DIVIDENDS

Ordinary	Interim	Announced mid-November. Payable mid-December (New York shares: early in January).
	Final	Proposed end of February. Payable mid-May (New York shares: early in June).
7 <sup>0</sup> / <sub>0</sub> and 6 <sup>0</sup> / <sub>0</sub> Cumulative Preference	First half	Payable 1st July.
	Second half	Payable 2nd January.
4 <sup>0</sup> / <sub>0</sub> Cumulative Preference	First half	Payable 1st October.
	Second half	Payable 1st April.

### INTERIM ANNOUNCEMENT OF RESULTS

First quarter results	Mid-May.
First half-year results	Mid-August.
Nine months results	Mid-November.
Provisional results for the year	End of February.

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

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

**“PROGRESS”**

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



