

LEVER BROTHERS & UNILEVER
N.V.

TRANSLATION
OF
ANNUAL REPORT
AND
STATEMENT OF ACCOUNTS
FOR THE YEAR
1938.

LEVER BROTHERS & UNILEVER N.V.

Directors.

GEORG SCHICHT, *Governor.*

PAUL RYKENS,
DR. HEINRICH SCHICHT, } *Chairmen.*

RUDOLF JURGENS,
ARTHUR HARTOG, } *Vice-Chairmen.*

CROUDSON WILLIAM BARNISH.

ALBERT VAN DEN BERGH.

JAMES P. VAN DEN BERGH.

SIDNEY J. VAN DEN BERGH.

*DR. CHARLES HUGH CLARKE.

FRANCIS D'ARCY COOPER.

CLEMENT DAVIES, K.C., M.P.

HERBERT DAVIS.

JAMES LEVER FERGUSON.

HAROLD ROBERT GREENHALGH.

P. D. H. HENDRIKS.

GEOFFREY HEYWORTH.

JAMES LAURENCE HEYWORTH.

HENRI JURGENS.

THE VISCOUNT LEVERHULME.

DR. J. L. POLAK.

FRANZ SCHICHT,

JAMES LOMAX SIMPSON.

CHARLES EDMUND TATLOW.

Advisory Directors.

HORATIO BALLANTYNE.

LOUIS HERBERT HARTLAND-SWANN, C.B.E.

THE MARQUESS OF CARISBROOKE, G.C.B., G.C.V.O.

DR. R. J. H. PATIJN.

JOHN WESTALL PEARSON.

Secretaries.

M. G. DE BAAT.

N. A. J. VAN ZANTEN.

Auditors.

PRICE, WATERHOUSE & CO.

COOPER BROTHERS & CO.

* Appointment to be confirmed at the forthcoming Annual General Meeting.

REPORT OF THE DIRECTORS

FOR THE YEAR 1938.

The Directors submit their Annual Report and the Accounts for the year ended 31st December, 1938.

Following the practice adopted last year, the Report deals only with movements in the Accounts as compared with those of the previous year. In view of the Equalisation Agreement between Lever Brothers & Unilever N.V., the Dutch Company, and Lever Brothers & Unilever Limited, the English Company, the Report deals with both Companies, which, for convenience, will be referred to as "N.V." and "LIMITED" respectively.

In compiling the Accounts, amounts in foreign currencies have been converted into Dutch florins or sterling at the rates of exchange of 31st December, 1938, and reserves have then been provided as deemed advisable. Where the combined figures of the two Companies are mentioned in the Report, sterling has been converted to Dutch florins at a fixed rate of £1 = Fl. 9.

In LIMITED, the reorganisation of the capital and structure was completed in 1937. No change has taken place in 1938.

In N.V., further steps have been taken to simplify the capital and structure. In 1937, the majority of the holders of the 6 per cent. Cumulative Preference Capital of Anton Jurgens' Vereenigde Fabrieken N.V. (referred to hereinafter as "Anton Jurgens") and the 6 per cent. Cumulative Preference Capital of N.V. Hollandsche Vereeniging tot Exploitatie van Margarinefabrieken "Hovema" (referred to hereinafter as "Hovema") had exchanged their holdings for 6 per cent. Cumulative Preference Shares of N.V. In 1938, these two Companies were put into liquidation and the interests previously held by them have now been concentrated, according to the countries in which those interests are located, in separate Subsidiary Companies of N.V., some of which have been formed for this purpose.

The Third Party Shareholders of these liquidating Companies were given the opportunity of exchanging, share for share, their 6 per cent. Cumulative Preference Shares of all categories for 6 per cent. Cumulative Preference Shares of N.V. and their Ordinary Shares for Ordinary Shares of N.V. The Holders of the 5½ per cent. Cumulative Preference Shares of Hovema were given the opportunity of exchanging their holdings for 5½ per cent. Cumulative Preference Shares of Van den Bergh's en Jurgens' Fabrieken N.V.

At 31st December, 1938, there were small balances of each class of these shares still outstanding and these are in process of being exchanged on similar terms.

In addition, Fl. 468,000 (nominal) 6 per cent. Cumulative Participating Preference Sub-shares of Van den Bergh's en Jurgens' Fabrieken N.V. were exchanged for Fl. 468,000 (nominal) 6 per cent. Cumulative Preference Sub-shares of N.V.

The 6 per cent. Cumulative Preference Shares of N.V. issued as above carry the right, subject to the terms of issue, to convert them, at any time before 1st July, 1942, into Ordinary Shares of N.V. in the ratio of Fl. 3,000 (nominal) Preference Shares for Fl. 2,000 (nominal) Ordinary Shares.

The Accounts of N.V. and LIMITED are presented in the same form as that adopted last year and include a Statement, set out on the last page, giving the consolidated figures of the two Parent Companies.

It will be seen from this Consolidated Statement that the Aggregate Net Profits were :—

1938—Fl. 109,985,460.

1937—Fl. 114,749,923.

These profits are calculated after charging depreciation, interest on Debentures and Notes and after making provision for taxation including, in the case of LIMITED, National Defence Contribution.

After deducting the proportion of the profits accruing to Third Party holders of Preference and Ordinary Capital in Subsidiary and Allied Companies and the Preferential Dividends of the Parent Companies, the profits accruing to the Ordinary Shareholders of the Parent Companies (subject to the dividends on Co-Partnership Preferential Certificates and on Deferred Stock of LIMITED) were :—

	1938.	1937.
	Fl.	Fl.
N.V.	20,706,047	19,973,827
LIMITED	21,604,113	25,089,768
	<u>Fl. 42,310,160</u>	<u>Fl. 45,063,595</u>

The main reason why the Aggregate Profits of 1938, as compared with those of 1937, show a greater reduction than the reduction in the profits accruing to the Ordinary Shareholders, is that the profits for 1938 of The United Africa Company Limited were considerably lower and as 20 per cent. of the Capital of that Company is held by Third Parties, a proportion of this reduction is borne by them. This accounts mainly for the reduction from Fl. 7,358,470 to Fl. 5,662,390 in the Third Party Share of the Aggregate Profits accruing to the Ordinary Shareholders in Subsidiary and Allied Companies.

Apart from the amount recovered from the Shareholders, the costs of the exchanges of Shares referred to on Page (x) were relatively small and have been charged against the results of the year. The re-organisation of the Capital of Van den Bergh's en Jurgens' Fabrieken N.V. entailed costs amounting to Fl. 364,347 and these have been charged against the General Reserve of that Company.

The balances of the General Reserves and Profit and Loss Accounts of Anton Jurgens and Hovema have, in the liquidation of these Companies, been applied to writing down the book values of interests held by them before they were transferred to the new Subsidiary Companies.

Profits from countries with restricted currencies are included in the results to the extent only that their equivalent value has, at the date of this Report, become available outside those countries in Dutch florins or sterling.

The changes of frontiers in Central Europe gave rise to certain difficulties, including those connected with the collection of debts. Provision for losses anticipated in this connection has been made partly out of unremitted profits of previous years, which have never been included in the Aggregate Profits, and partly out of the profits of 1938.

Apart from amounts written off in connection with the remittance of restricted currencies during 1938, differences in exchange have, on balance, been relatively small.

BALANCE SHEETS.**SHARE CAPITAL.**

The Authorised Capitals of N.V. and LIMITED remain unchanged at Fl. 500,000,000 and £141,418,750 respectively.

In N.V., the Issued Capital has increased by Fl. 5,379,000. This is due to Fl. 5,105,260 (nominal) 6 per cent. Cumulative Preference Shares and Fl. 261,800 (nominal) Ordinary Shares having been issued in connection with the exchange of Shares referred to on page (1) and Fl. 10,200 (nominal) Ordinary Shares having been issued to acquire the Fl. 8,500 (nominal) Ordinary Shares B of Van den Bergh's en Jurgens' Fabrieken N.V. held by Third Parties. The small balance of Fl. 1,740 (nominal) was issued to round off the issued Capital of each class to units of Fl. 1,000.

Of the Unissued Capital, Fl. 81,550,375 (nominal) Ordinary Capital is earmarked for issues in connection with Option Warrants and the conversion rights attaching to the 6 per cent. Cumulative Preference Shares.

In LIMITED, the Issued Capital also remains unaltered at £67,445,925.

GENERAL RESERVE.

In N.V., it is proposed to increase the General Reserve to Fl. 105,000,000, by an allocation of Fl. 2,500,000 from the Profits of 1938.

In LIMITED, the General Reserve remains unchanged at £10,000,000. It is not proposed, for the time being, to increase this amount but, instead, to increase the Reserve which is deducted from the aggregate book value of the shares in Subsidiary Companies.

CREDITORS.

In N.V., the Reserve for Contingencies at 31st December, 1937, has been reduced by a transfer to a Reserve against balances with countries having currency restrictions and has been increased by Fl. 3,000,000 appropriated out of the profits of 1938.

In LIMITED, the principal liabilities included under this heading, apart from provision for taxation, are in connection with contracts for supplies purchased on behalf of Subsidiary and Allied Companies. Of the Reserve for Contingencies at 31st December, 1937, £61,000 has been applied to write down the book value of land, owned by a Subsidiary Company, which has become surplus to requirements. A further amount of £100,000 has been appropriated to this Reserve out of the profits of 1938.

SHARES IN SUBSIDIARY AND ALLIED COMPANIES.

In N.V., the decrease of Fl. 62,477,233 is due to the liquidation of Anton Jurgens and Hovema. The Ordinary and Preference Capital of these Companies, formerly held by N.V., has been eliminated and has been only partly replaced by the Capital of the new Subsidiaries to which interests held by these two Companies were transferred. These interests are now partly financed by Loans from N.V.

In LIMITED, the decrease of £1,052,366 is due mainly to the appropriation of £600,000 out of the profits of 1938 to increase the Reserve deducted from Shares in Subsidiary Companies and to writing off £209,330 representing dividends received out of undistributed profits included in the valuation at 31st December, 1937.

FREEHOLD LAND, BUILDINGS, ETC.

In LIMITED, the small increase of £1,508 is due to extensions to the London Offices and additions to the Plant of the Bromborough Dock, etc., amounting to £78,983, less Depreciation written off, £77,475.

LOANS TO, DEPOSITS BY AND CURRENT ACCOUNTS WITH SUBSIDIARY AND ALLIED COMPANIES.

This year, the Dividends Receivable from Subsidiary and Allied Companies, which were shown last year under a separate heading, are included in the balances on Current Account. The comparative figures for 1937 have been adjusted accordingly.

In N.V., the net amount due from Subsidiary and Allied Companies has, on balance, increased from Fl. 105,579,483 to Fl. 197,750,385. This movement is due mainly to the liquidation of Anton Jurgens and Hovema, as a result of which, interests held by Subsidiary Companies are now financed to a greater extent by Loans from N.V.

Included in the amount shown under the heading of "Loans and Current Accounts" are balances in countries with restricted currencies. These balances have been reduced during 1938, apart from the reduction due to the transfer from the Reserve for Contingencies.

In LIMITED, as a result of normal financial movements on current account, the net amount due from Subsidiary and Allied Companies has, on balance, decreased from £13,884,715 to £11,703,361, and the advance to N.V. has increased from £723,365 to £3,657,310.

DEBTORS.

In N.V., the reduction from Fl. 4,464,316 to Fl. 1,382,198 is due to transfers to a Subsidiary Company in connection with the concentration of interests referred to previously.

PROFIT AND LOSS AND APPROPRIATION ACCOUNTS.

The Profit for the Year shown in the Profit and Loss Accounts includes the results of Subsidiary and Allied Companies only to the extent to which they have been declared as Dividends. A comparison of the actual Results with those of the previous year is obtained by reference to the Consolidated Statement.

CONSOLIDATED STATEMENT.

In view of the very large number of fluctuating currencies involved and to the unsettled conditions in certain countries, any consolidated figures expressed in Dutch florins can only be regarded as approximate and the Consolidated Statement must be considered with this in mind.

The movements during the year in the various classes of Share Capital are mainly in connection with the re-organisation of the Capital of Van den Bergh's en Jurgens' Fabrieken N.V. by which Fl. 7,605,000 (nominal) 6 per cent. Preference Shares were exchanged for Fl. 5,703,750 (nominal) 3½ per cent. Notes and Fl. 1,901,250 (nominal) Ordinary Shares A which, having limited dividend rights, are included in the Statement under the category of "Preferred Ordinary" Share Capital.

The decrease in the Long Term Liabilities, notwithstanding the inclusion of the further issue of Fl. 5,703,750 (nominal) 3½ per cent. Notes, referred to above, is due mainly to advantage having been taken of the very liquid position to repay certain Long Term Liabilities before their maturity date.

The Net Working Capital has increased from Fl. 377,542,000 to Fl. 395,090,000. The reduction in Stock-in-Trade reflects the lower price of Raw Materials and there is a corresponding reduction in the Current Liabilities, part of which arose from the financing of the Stocks.

Of the total profit accruing to the Ordinary Shareholders of the Parent Companies 44.0 per cent. has been retained in the business as compared with 47.7 per cent. in 1937.

Depreciation set aside shows a reduction of Fl. 2,713,000, due to the fact that certain of the Fixed Assets have now been written down to such an extent that further depreciation is unnecessary. There has been no change in the basis of depreciation previously adopted.

At 31st December, 1938, some marketable securities showed a reduction in value as compared with their cost price and the loss has been provided out of Revenue. The Special Provisions for future Pension Liabilities, which in 1937 were provided mainly out of the profit on sale of marketable securities, have, in 1938, also been provided out of Revenue.

APPROPRIATION OF PROFITS.

The Directors of the two Companies propose to allocate the profits in accordance with the Statement on the opposite page.

In N.V., after providing for dividends on all classes of Preference Shares, there was an amount available for further allocation of Fl. 23,569,906. Of this, Fl. 5,152,110 has been paid to the Ordinary Shareholders by way of an Interim Dividend of 3 per cent., leaving an amount available of Fl. 18,417,796. Out of this, it is proposed to allocate Fl. 2,500,000 to General Reserve and Fl. 3,000,000 to Reserve for Contingencies, and to pay a final dividend on the Ordinary Capital of $4\frac{1}{2}$ per cent., making $7\frac{1}{2}$ per cent. for the year, thus leaving Fl. 5,189,631 to be carried forward to 1939, which shows an increase of Fl. 460,113 over the balance brought forward from 1937.

In LIMITED, after providing for the dividends on all classes of Preferential Capital, there was an amount available for further allocation of £3,389,555. Of this £456,754 has been paid to the Ordinary Stockholders by way of an Interim Dividend of 4 per cent., leaving an amount available of £2,932,801. Out of this, there has been allocated £600,000 to Reserve against Shares in Subsidiary Companies and £100,000 to Reserve for Contingencies, and it is proposed to pay a Final Dividend on the Ordinary Capital of 6 per cent., making 10 per cent. for the year, to pay 5 per cent. on the Preferential Certificates of the Co-Partnership Trust and to pay a dividend of 6 per cent. on the Deferred Stock, thus leaving £1,490,382 to be carried forward to 1939, which shows an increase of £91,294 over the balance brought forward from 1937.

In accordance with the Equalisation Agreement between the two Companies, the above rates of dividend on the Ordinary Capitals are based on the current Guilder/Sterling rates of exchange.

BOARD OF DIRECTORS.

In accordance with Article 15 of the Statutes, all Directors retire at the Annual General Meeting. They all offer themselves for re-election.

At this Meeting it is also proposed to appoint Dr. Charles Hugh Clarke as a member of the Board of Directors.

AUDITORS.

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

By Order of the Board,

GEORG SCHICHT.

P. RYKENS.

20th April, 1939.

STATEMENT OF PROFITS AND APPROPRIATIONS,
Year ended 31st December, 1938.

	Lever Brothers & Unilever N.V.	Lever Brothers & Unilever Limited.	TOTAL (£1 = fl. 9).
The NET PROFITS for the Year, including the Companies' proportion of the Profits less Losses of Subsidiary and Allied Companies, amounted to	fl. 28,949,247	£ 6,729,234	fl. 89,512,353
The amounts retained by Subsidiary and Allied Companies have increased by	1,865,659	409,990	5,555,569
leaving Profits which include the results of the Subsidiary and Allied Companies only to the extent to which dividends and tantiemes have been or are to be received therefrom	27,083,588	6,319,244	83,956,784
To these have to be added the balances brought forward from 1937	4,729,518	1,399,088	17,321,310
leaving Profits available for distribution	31,813,106	7,718,332	101,278,094
The Dividends for the Year on all classes of Preference and Preferred Ordinary Capital absorb	8,243,200	4,328,777	47,202,193
leaving for further allocation	23,569,906	3,389,555	54,075,901
These amounts are appropriated as follows :—			
General Reserves	2,500,000	—	2,500,000
Reserve against Shares in Subsidiary Companies	—	600,000	5,400,000
Reserves for Contingencies	3,000,000	100,000	3,900,000
Dividend on Ordinary Capitals :—			
Interim paid 1st December, 1938..	N.V. 3 %	Limited. 4 %	
Final now proposed	4½ %	6 %	
	<u>7½ %</u>	<u>10 %</u>	
	12,880,275	1,141,879	23,157,186
Dividend on Preferential Certificates of Co-Partnership Trust	—	51,294	461,646
Dividend on Deferred Stock of 6%	—	6,000	54,000
	18,380,275	1,899,173	35,472,832
leaving balances to be carried forward to 1939 of	5,189,631	1,490,382	18,603,069

LEVER BROTHERS &

BALANCE SHEET,

ASSETS.		fl.	fl.
1937. fl.			
318,574,489	SHARES IN SUBSIDIARY COMPANIES—At Cost		256,097,256
	LOANS AND CURRENT ACCOUNTS (including Dividends and Tantiemes Receivable)—		
	Subsidiary Companies	167,890,418	
	Allied Companies	67,724,716	
153,316,543		<u>235,615,134</u>	235,615,134
	DEBTORS—		
4,464,316	Loans, Bills Receivable and Sundry Debtors		1,382,198
	CASH AT BANKERS AND IN HAND, BULLION AND SHORT TERM ADVANCES—		
	Short Term Advances	2,043,639	
	Cash at Bankers and in hand and Bullion	10,992,416	
10,308,260		<u>13,036,055</u>	13,036,055
GEORG SCHICHT, <i>Governor.</i>			
P. RYKENS, <i>Chairman.</i>			
<u>fl. 486,663,608</u>			<u>fl. 506,130,643</u>

REPORT OF THE AUDITORS

We report to the Members that we have examined the above Balance Sheet and have obtained all the include considerable balances which are represented by debts outstanding in countries in which there are restrictions a true and correct view of the state of the Company's affairs as at 31st December, 1938, according to the best of our

ROTTERDAM,

20th April, 1939.

UNILEVER N.V. ROTTERDAM.

31st December, 1938.

CAPITAL AND LIABILITIES.

1937. fl.		fl. <i>Authorised.</i>	fl. <i>Issued and fully paid.</i>
	SHARE CAPITAL—		
	7% Cumulative Preference Shares	50,000,000	29,000,000
	6% Cumulative Preference Shares	125,000,000	103,929,000
	5% Cumulative Preference Shares	25,000,000	100,000
	Ordinary Shares	300,000,000	171,737,000
		<u>500,000,000</u>	<u>304,766,000</u>
299,387,000			
	GENERAL RESERVE—		
	Balance at 31st December, 1937	102,500,000	
	Add—Transfer from Appropriation Account	2,500,000	
102,500,000			105,000,000
	PROFIT AND LOSS AND APPROPRIATION ACCOUNT—		
4,729,518	Balance carried forward to 1939		5,189,631
406,616,518			<u>414,955,631</u>
	DEPOSITS AND CURRENT ACCOUNTS (less Dividends Receivable)—		
	Subsidiary Companies	230,896	
	Allied Companies	37,633,853	
47,737,060			37,864,749
6,499,439	LEVER BROTHERS & UNILEVER LIMITED—Current Account (£3,657,310)		31,233,424
	CREDITORS—		
15,130,021	Trade and Sundry Creditors, Deposits, Accrued Liabilities, Provision for Taxation and Reserve for Contingencies		10,213,304
10,680,570	PROVISION FOR DIVIDENDS ON PREFERENCE AND ORDINARY SHARES		11,863,535
	NOTE.—There are Contingent Liabilities under Guarantees and Agreements on account of Subsidiary and Allied Companies.		
fl. 486,663,608			<u>fl. 506,130,643</u>

TO THE MEMBERS,

information and explanations we have required. Loans and Current Accounts, from which Reserves have been deducted, on the transfer of currency. On this basis, in our opinion, the above Balance Sheet is properly drawn up so as to exhibit information and the explanations given to us and as shown by the books of the Company.

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

LEVER BROTHERS &

PROFIT AND LOSS AND APPROPRIATION ACCOUNT,

1937. fl.		fl.
1,256,060	GENERAL ADMINISTRATION EXPENSES AND PROVISION FOR TAXATION ..	949,927
23,217,516	NET PROFIT FOR THE YEAR 1938 carried down	27,083,588
<u>fl. 24,473,576</u>		<u>fl. 28,033,515</u>

APPROPRIATIONS—

Dividends on Cumulative Preference Shares—		fl.
	7% Preference	2,030,000
	6% Preference	6,208,200
4,999,690	5% Preference	<u>5,000</u>
		8,243,200
2,457,186	General Reserve	2,500,000
2,500,000	Reserve for Contingencies	3,000,000
Dividend on Ordinary Shares—		
	3 % Interim Dividend paid 1st December, 1938	5,152,110
	4½% Final Dividend	7,728,165
12,823,785		<u>12,880,275</u>
4,729,518	Balance carried forward to 1939	5,189,631
<u>fl. 27,510,179</u>		<u>fl. 31,813,106</u>

The Profits of Subsidiary Companies are included in the above Account only to the extent to which they are

UNILEVER N.V. ROTTERDAM.

YEAR ENDED 31st DECEMBER, 1938.

<i>1937.</i> <i>f.</i>		<i>f.</i>
	PROFIT FOR THE YEAR 1938, INCLUDING DIVIDENDS AND TANTIEMES	
<i>24,473,576</i>	RECEIVABLE FROM SUBSIDIARY COMPANIES	28,033,515
<u><i>f. 24,473,576</i></u>		<u><i>f. 28,033,515</i></u>
<i>23,217,516</i>	NET PROFIT FOR THE YEAR 1938 brought down	27,083,588
<i>4,292,663</i>	BALANCE brought forward from 1937	4,729,518
<u><i>f. 27,510,179</i></u>		<u><i>f. 31,813,106</i></u>

receivable as dividends and tantiemes. No losses have been incurred by Subsidiary Companies.

GEORG SCHICHT, *Governor.*
P. RYKENS, *Chairman.*

LEVER BROTHERS & BALANCE SHEET,

ASSETS.

1937. £		£	£
	SHARES IN SUBSIDIARY AND ALLIED COMPANIES—		
	At Directors' Valuation as at 31st December, 1937, with additions at cost, less Reserves—		
	Subsidiary Companies	62,389,336	
	Allied Companies	5,014,357	
68,456,059			67,403,693
	FREEHOLD LAND, BUILDINGS, PLANT, OFFICE EQUIPMENT AND LEASEHOLD PROPERTIES—At cost, less depreciation		2,953,301
2,951,793			
	LOANS AND CURRENT ACCOUNTS (including Dividends Receivable)—		
	Subsidiary Companies	6,894,731	
	Allied Companies	17,620,215	
27,243,487			24,514,946
723,365	LEVER BROTHERS & UNILEVER N.V.—Current Account		3,657,310
	DEBTORS—		
72,592	Sundry Debtors, Bills Receivable and Payments in Advance		97,691
	CASH AT BANKERS AND IN HAND AND SHORT TERM ADVANCES—		
	Short Term Advances	1,187,007	
	Cash at Bankers and in hand	685,841	
1,633,183			1,872,848

LEVERHULME, *Governor.*
F. D'ARCY COOPER, *Chairman.*

£101,080,479

£100,499,789

REPORT OF THE AUDITORS

We report to the Members that we have examined the above Balance Sheet and have obtained all the
as to exhibit a true and correct view of the state of the Company's affairs as at 31st December, 1938, according to the

LONDON, E.C.
20th April, 1939.

UNILEVER LIMITED.

31st DECEMBER, 1938.

CAPITAL AND LIABILITIES.

1937. £		£	£
	CAPITAL—		
	7% Cumulative Preference } <i>Ranking pari passu</i>	35,984,690	35,984,690
	5% Cumulative Preference }	4,015,310	2,000,000
	8% Cumulative A Preference	40,000,000	15,655,173
	20% Cumulative Preferred Ordinary	2,287,312	2,287,312
	Ordinary	59,031,438	11,418,750
	Deferred	100,000	100,000
		<hr/>	<hr/>
67,445,925		141,418,750	67,445,925
	DEBENTURE STOCK—		
	Charged on the Undertaking and Property of the Company		
	5% Consolidated Debenture Stock—		
	Redeemable in full between 1st April, 1942 and 1957.	£	
	Outstanding at 31st December, 1937 ..	3,096,000	
	Redeemed and cancelled during the year	68,800	
		<hr/>	3,027,200
	4% Consolidated Debenture Stock—		
	Redeemable in full between 1st April, 1943 and 1958.		
	Outstanding at 31st December, 1937 ..	2,105,094	
	Redeemed and cancelled during the year	45,763	
		<hr/>	2,059,331
	Add—Interest accrued, less Income Tax	5,086,531	
		<hr/>	42,661
5,246,099			5,129,192
10,000,000	GENERAL RESERVE		10,000,000
	PROFIT AND LOSS AND APPROPRIATION ACCOUNT—		
1,399,088	Balance carried forward to 1939		1,490,382
84,091,112			<hr/>
			84,065,499
	DEPOSITS AND CURRENT ACCOUNTS (less Dividends Receivable)—		
	Subsidiary Companies	5,723,233	
	Allied Companies	7,088,352	
13,358,772		<hr/>	12,811,585
	CREDITORS—		
	Trade Creditors, Accrued Liabilities, Provision for Taxation		
	and for Dividend on Preferential Certificates and Reserve		
1,641,659	for Contingencies		1,528,655
1,988,936	PROVISION FOR DIVIDENDS ON PREFERENCE, PREFERRED		
	ORDINARY, ORDINARY AND DEFERRED STOCK (less Income Tax)		2,094,050
£101,080,479			<hr/>
			£100,499,789

NOTE.—There are Contingent Liabilities under Guarantees, Bills discounted and Agreements on account of Subsidiary and Allied Companies.

TO THE MEMBERS.

information and explanations we have required. In our opinion the above Balance Sheet is properly drawn up so best of our information and the explanations given to us and as shown by the books of the Company.

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

LEVER BROTHERS &

PROFIT AND LOSS AND APPROPRIATION ACCOUNT,

1937. £	GENERAL ADMINISTRATION EXPENSES, INCOME TAX AND NATIONAL DEFENCE CONTRIBUTION.. .. .	£
897,655	DEBENTURE INTEREST	792,048
240,321	NET PROFIT FOR THE YEAR 1938 carried down	235,051
6,576,317		6,319,244
<u>£7,714,293</u>		<u>£7,346,343</u>
APPROPRIATIONS—		
	Dividends on Cumulative Preference and Preferred Ordinary Stock—	£
	7% Preference	2,518,901
	5% Preference	100,000
	8% A Preference	1,252,414
	20% Preferred Ordinary	457,462
4,328,777		4,328,777
750,000	General Reserve	—
—	Reserve against Shares in Subsidiary Companies.. .. .	600,000
250,000	Reserve for Contingencies	100,000
	Dividend on Ordinary Stock—	
	4% Interim Dividend paid 1st December, 1938	456,754
	6% Final Dividend	685,125
1,137,875		1,141,879
50,908	Dividend on Preferential Certificates of the Co-Partnership Trust	51,294
6,000	Dividend on Deferred Stock of 6%	6,000
1,399,088	Balance carried forward to 1939	1,490,382
<u>£7,922,648</u>		<u>£7,718,332</u>

The Profits of Subsidiary Companies are included in the above Account only to the extent to which they have been declared the aggregate losses for the year of other Subsidiary

UNILEVER LIMITED.

YEAR ENDED 31st DECEMBER, 1938.

1937. £		£
	PROFIT FOR THE YEAR 1938, INCLUDING DIVIDENDS RECEIVABLE	
7,714,293	FROM SUBSIDIARY AND ALLIED COMPANIES	7,346,343
<u>7,714,293</u>		<u>7,346,343</u>
6,576,317	NET PROFIT FOR THE YEAR 1938 brought down	6,319,244
1,346,331	BALANCE brought forward from 1937	1,399,088
<u>7,922,648</u>		<u>7,718,332</u>

as Dividends ; the balances of the Profits not so declared are carried forward in the Accounts of such Companies and exceed Companies, which have been carried forward in their own Accounts.

LEVERHULME, *Governor.*
F. D'ARCY COOPER, *Chairman.*

CONSOLIDATED

OF LEVER BROTHERS & UNILEVER N.V. AND LEVER BROTHERS & UNILEVER OF THESE TWO COMPANIES DIRECTLY OR INDIRECTLY

Conversions of amounts of foreign currencies into Dutch florins or sterling have been calculated
Conversions from sterling into Dutch florins

1937	AT 31st DECEMBER												1938	
fl.	ISSUED SHARE CAPITAL. (EXCLUDING INTER-COMPANY HOLDINGS.)												fl.	
731,081,090	PREFERENCE	...	...	...	...	...	...	...	...	...	...	...	...	723,653,494
73,795,423	PREFERRED ORDINARY	...	...	...	...	...	...	...	...	...	...	...	...	75,697,423
	ORDINARY :													fl.
	306,089,000	Parent Companies (rate £1 = Fl. 12)	...	...	...	...	...	...	...	...	...	...	306,362,000	
	46,107,655	Subsidiary and Allied Companies	...	...	...	...	...	...	...	...	...	...	45,588,364	
352,196,655														351,950,364
<u>1,157,073,168</u>														<u>1,151,301,281</u>

fl.	GENERAL RESERVES AND PROFITS CARRIED FORWARD.												fl.	
	(PARENT COMPANIES ONLY.)													
192,500,000	GENERAL RESERVES	...	...	...	...	...	...	...	...	...	...	...	...	195,000,000
17,321,310	BALANCES CARRIED FORWARD ON PROFIT AND LOSS ACCOUNTS	...	...	...	...	...	...	...	...	...	...	...	...	18,603,069
<u>209,821,310</u>														<u>213,603,069</u>

Consolidated figures are not given as it is impracticable to express in Dutch florins the value of fixed assets (in which part of the Reserves are invested) which are shown in foreign currencies in the Balance Sheets of Subsidiary and Allied Companies.

fl.	LONG TERM CLAIMS AND LIABILITIES.												fl.	
	(maturing later than one year hence and not included under Working Capital.)													
60,169,000	LONG TERM CLAIMS RECEIVABLE	...	...	...	...	...	...	...	...	...	...	...	...	54,353,000
	LONG TERM LIABILITIES :													
122,001,000	Debentures and Notes	...	...	...	...	...	...	...	...	...	...	...	...	124,453,000
54,855,000	Others	...	...	...	...	...	...	...	...	...	...	...	...	48,805,000
<u>176,856,000</u>														<u>173,258,000</u>

WORKING CAPITAL.														
fl.	CURRENT ASSETS :												fl.	
427,620,000	STOCK-IN-TRADE at or below cost	...	...	...	...	...	...	...	...	...	...	...	...	384,571,000
177,649,000	DEBTORS AND PREPAYMENTS, less Reserves	...	...	...	...	...	...	...	...	...	...	...	...	176,261,000
18,645,000	MARKETABLE INVESTMENTS at or under Market Value	...	...	...	...	...	...	...	...	...	...	...	...	22,614,000
99,611,000	CASH AT BANKERS AND IN HAND, BULLION AND SHORT TERM ADVANCES (including surplus cash in restricted currencies amounting to the equivalent of fl. 3,187,000—1937 : fl. 369,000)	...	...	...	...	...	...	...	...	...	...	...	...	102,774,000
723,525,000														686,220,000
345,983,000	CURRENT LIABILITIES including provision for all accrued and proposed Dividends	...	...	...	...	...	...	...	...	...	...	...	...	291,130,000
<u>377,542,000</u>														<u>395,090,000</u>

PENSION AND													
fl.		34,000	MEMBERSHIP OF THE FUNDS								45,000	fl.	
49,959,000	FUNDS INVESTED OUTSIDE THE ORGANISATION	...	...	...	...	...	...	...	...	...	...	...	60,389,000
5,193,000	FUNDS INVESTED IN THE ORGANISATION	...	...	...	...	...	...	...	...	...	...	...	5,210,000
<u>55,152,000</u>													<u>65,599,000</u>

STATEMENT

LIMITED AND ALL SUBSIDIARY AND ALLIED COMPANIES IN WHICH EITHER HOLDS 50 % OR OVER OF THE ORDINARY CAPITAL.

at the rates of exchange of 31st December, and reserves have then been provided as deemed advisable. have been calculated at a fixed rate of £1 = Fl. 9.

1937	FOR THE YEAR		1938
fl.	PROFITS AND APPROPRIATION.		fl.
114,749,923	AGGREGATE NET PROFIT after charging Depreciation and Interest on Debentures and Notes and providing for Taxation		109,985,460
	THIRD PARTY SHARE OF PROFITS OF SUBSIDIARY AND ALLIED COMPANIES :		
	11,099,599	PREFERENCE SHAREHOLDERS	7,021,706
	7,269,576	PREFERRED ORDINARY SHAREHOLDERS	7,789,011
	7,358,470	ORDINARY SHAREHOLDERS	5,662,390
<u>25,727,645</u>			<u>20,473,107</u>
	PROFIT ACCRUING TO THE PARENT COMPANIES. As shown on the Statement of Profits and Appropriations on page 6		89,512,353
89,022,278			
	PREFERENTIAL DIVIDENDS OF PARENT COMPANIES :		
	39,841,525	PREFERENCE CAPITAL	43,085,035
	4,117,158	PREFERRED ORDINARY CAPITAL	4,117,158
<u>43,958,683</u>			<u>47,202,193</u>
<u>45,063,595</u>			<u>42,310,160</u>
	APPROPRIATION :		
	RETAINED :		
	THE COMPANIES' PROPORTION OF INCREASES TO GENERAL RESERVES, BALANCES CARRIED FORWARD ON PROFIT AND LOSS ACCOUNTS, SPECIAL APPROPRIATIONS AND RESERVES FOR CONTINGENCIES—		
	6,617,909	SUBSIDIARY AND ALLIED COMPANIES	5,555,569
	14,868,854	PARENT COMPANIES	13,081,759
<u>21,486,763</u>			<u>18,637,328</u>
	DISTRIBUTED BY PARENT COMPANIES :		
	23,064,660	DIVIDENDS ON ORDINARY CAPITAL	23,157,186
	512,172	DIVIDENDS ON CO-PARTNERSHIP PREFERENTIAL CERTIFICATES AND ON DEFERRED STOCK	515,646
<u>23,576,832</u>			<u>23,672,832</u>
<u>45,063,595</u>			<u>42,310,160</u>

fl.	LAND, BUILDINGS, PLANT, ETC.		fl.
49,191,000	CAPITAL EXPENDITURE (excluding cost of Fixed Assets owned by Companies acquired during the year) ...		34,883,000
36,549,000	DEPRECIATION		33,836,000
27,348,000	REPAIRS AND RENEWALS		28,313,000

PROVIDENT FUNDS.

fl.		fl.
3,744,000	COMPANIES' CONTRIBUTIONS TO PENSION AND PROVIDENT FUNDS	4,921,000
1,656,000	COMPANIES' CONTRIBUTIONS TO STATE SCHEMES	1,755,000
5,193,000	PENSIONS PAID BY THE COMPANIES SUPPLEMENTING THOSE PAID OUT OF THE FUNDS	4,975,000
3,726,000	SPECIAL PROVISIONS FOR FUTURE PENSION LIABILITIES	1,899,000
<u>14,319,000</u>		<u>13,550,000</u>