

UNILEVER

TRANSLATION
OF
ANNUAL REPORT
AND
STATEMENT OF ACCOUNTS
1955

UNILEVER N.V.

DIRECTORS

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THE LORD HEYWORTH } *Vice-Chairmen*

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E. A. HOFMAN

AUDITORS

PRICE WATERHOUSE & Co.

COOPER BROTHERS & Co.

UNILEVER N.V. AND UNILEVER LIMITED

UNILEVER N.V. and UNILEVER LIMITED are linked by a series of agreements of which the principal is the Equalisation Agreement. This, *inter alia*, in effect 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 nominal of N.V.'s ordinary capital.

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

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

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

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SALIENT POINTS

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

1954		1955
Fl.		Fl.
1,914,000,000	FIXED ASSETS	2,042,000,000
2,144,000,000	NET CURRENT ASSETS	2,372,000,000
4,058,000,000	CAPITAL EMPLOYED	4,414,000,000
260,000,000	CAPITAL EXPENDITURE	298,000,000
175,000,000	DEPRECIATION	184,000,000
15,294,000,000	TURNOVER	16,119,000,000
746,000,000	TRADING PROFIT	909,000,000
407,000,000	TAXATION FOR THE YEAR	467,000,000
28,000,000	EXCEPTIONAL PROFITS	65,000,000
339,000,000	CONSOLIDATED NET PROFIT	480,000,000
301,912,000	PROFIT ACCRUING TO THE ORDINARY SHAREHOLDERS ..	441,798,000
	Fl. 239,397,000 PROFITS RETAINED Fl. 362,601,000	
	Fl. 62,515,000 ORDINARY DIVIDENDS Fl. 79,197,000	
	14% N.V. * 14%	
	15 ³ / ₄ % LIMITED * 15 ³ / ₄ %	

* On increased capitals.

REPORT OF THE DIRECTORS FOR THE YEAR 1955

TO BE SUBMITTED AT THE GENERAL MEETING OF SHAREHOLDERS

TO BE HELD AT ROTTERDAM

ON 24TH MAY, 1956.

The Directors submit their Report and Accounts for the year 1955. As usual, these combine the results and operations of the two Groups, UNILEVER N.V. ("N.V.") and UNILEVER LIMITED ("LIMITED"). The guilder equivalent of all LIMITED figures for both 1955 and 1954 is calculated at the official parity i.e. £ 1 = Fl. 10.64.

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

CHANGES IN CAPITAL

At Extraordinary General Meetings of N.V. and LIMITED held in November, 1955, it was decided to issue new ordinary shares to the holders of the existing ordinary capital on the basis of one new share for every four held. In N.V. this was done by capitalizing "Premiums on capital issued", which are now practically exhausted, and in LIMITED by capitalizing the balance of "Premiums on capital issued" and part of "Profits retained in the business". The nominal value of the shares issued was Fl. 75,789,000 in N.V. and £ 5,349,222 (Fl. 56,915,000) in LIMITED.

In November last N.V., who already held all the B ordinary shares and part of the A and B 6% Cumulative Participating Preference Shares in Van den Bergh's en Jurgens' Fabrieken N.V., invited the holders of the remainder of these preference shares to exchange their holdings for 6% Cumulative Preference Shares in N.V. The offer has been accepted by nearly all holders and this resulted in the issue by N.V. in 1955 of Fl. 2,715,000 (nominal) 6% Cumulative Preference Shares.

RESULTS

Turnover rose from Fl. 15,294,245,000 in 1954 to Fl. 16,119,462,000 in 1955, and trading profits rose to Fl. 909,241,000 compared with Fl. 745,813,000 in 1954. Despite an increase in labour costs and, on average, a reduction in our selling prices, the additional volume of turnover, together with more normal trading margins, especially in the United States and Germany, enabled us to increase our profits.

The consolidated net profit for the year amounted to Fl. 480,055,000 compared with Fl. 338,931,000 in 1954, this being after charging Fl. 467,149,000 for taxation compared with Fl. 406,631,000 in 1954. As will be seen in the consolidated profit and loss account, statement A, the consolidated net profit includes the unusually large sum of Fl. 64,896,000 (1954 Fl. 28,374,000) of exceptional items and profits relating to previous years. The profit after taxation, but before deducting loan interest, was equivalent in 1955 to 10.2% on the capital employed compared with 8.5% in 1954. The return on capital employed and on turnover for the past five years is shown in the chart on page 23.

In aggregate, there has been no fortuitous profit or loss of importance resulting from fluctuations in the prices of oils and fats.

The proposed appropriations of the profits of the Parent Companies are shown in the consolidated profit and loss account, statement A. Interim dividends in respect of 1955, equivalent to 5¹/₄% for N.V. and 6% less income tax for LIMITED, were paid on 14th December last on the ordinary capitals as increased by the scrip issues. The Directors now recommend the payment of final dividends of 8³/₄% on the ordinary capital of N.V. and 9³/₄% less income tax on the ordinary stock of LIMITED, both payable on 7th June, 1956. The dividends recommended on the respective ordinary capitals are equivalent in value under the terms of the Equalisation Agreement. After payment of the above dividends, an amount of Fl. 362,601,000 remains to be added to the profits retained in the business, which, after the adjustments set out in statement C, will then amount to Fl. 1,968,216,000.

Operations in 1956 so far have been satisfactory.

ANNOUNCEMENT OF RESULTS

As shareholders already know, this year we announced the estimated results for 1955 as soon as they were available, at the end of February, 1956, instead of waiting until completion of the final accounts and audit. This innovation appears to have been generally welcome.

REVIEW OF OPERATIONS

ECONOMIC BACKGROUND

World economic activity reached a new peak in 1955, and with rapid expansion in the United States and boom conditions in Europe and elsewhere, world industrial output was some 10% higher than in 1954. There was a marked increase in capital investment and people were buying more goods, particularly the more durable kinds. The prices of raw materials, however, did not respond to this rapid increase in world activity and, except for metals and rubber, commodity prices in general were lower than in 1954.

In many parts of the world employment was at a high level, and there was increased pressure for higher wages. During the second half of the year interest rates rose and credit was restricted in many countries. Balance of payments difficulties in some primary producing countries necessitated new import restrictions. Pakistan and the Argentine officially devalued their currencies.

Taxation on profits was on the whole lower in 1955. Tax reductions in the Netherlands and in Germany came into effect during the year. In the United Kingdom the Autumn budget

increased the rate of Profits Tax on distributed profits but in our case the additional liability was more than offset by the effect of the reduction in the standard rate of income tax which had been made in April. In France and Sweden, tax rates were raised.

TURNOVER

Our turnover in 1955 amounted to Fl. 16,119,462,000, an increase of 5% on the 1954 figure of Fl. 15,294,245,000.

The geographical pattern of our business is shown in the following table, which reveals no major change in 1955. In this table the growth of some of the businesses in the North and South American group is partially masked by adjustments in exchange rates.

	1953	1954	1955
	Fl.	Fl.	Fl.
Europe	8,525,241,000	9,393,609,000	9,954,795,000
North and South America	1,619,755,000	1,760,665,000	1,771,698,000
Africa, Middle East and Australasia ...	535,603,000*	630,590,000*	743,715,000
Orient	665,120,000*	701,825,000*	733,777,000
United Africa Group	2,554,665,000*	2,807,556,000*	2,915,477,000
	<u>13,900,384,000</u>	<u>15,294,245,000</u>	<u>16,119,462,000</u>

Turnover by commodity groups, which is shown in a table and a chart on page 22 also shows no major change in the pattern during the past year.

FINANCE

The continued rise in sales was accompanied by increases in stocks, the value of which rose by Fl. 167 million to Fl. 2,447 million. Expenditure on fixed assets, which in 1954 absorbed Fl. 260 million, totalled Fl. 298 million in 1955, which was Fl. 114 million more than the amount set aside for depreciation. At the end of 1955 our cash balances and short-term investments rose to Fl. 695 million, while our short-term borrowings increased to Fl. 353 million. Our liquid resources, therefore, despite the heavier outlays mentioned above, had risen by Fl. 68 million to Fl. 342 million, and we expect them to be sufficient to meet financial requirements in 1956. We are expecting the high rate of capital expenditure to continue in 1956, as will be seen from the paragraph on capital projects on pages 18 and 19.

RAW MATERIALS

On the whole, oils and fats prices were lower in 1955, chiefly because of the continued liquidation of stocks of cottonseed oil held by the United States Commodity Credit Corporation and the final disposal of the government-held stock of vegetable oils in the Netherlands. Some prices rose; other fell. Tallow, palm oil and whale oil, for example, were on the average dearer than in 1954, while copra, coconut oil and groundnut oil were cheaper, although the price of groundnut oil was rising at the year end.

* These figures differ from those previously published, as sales from our plantations previously included in the United Africa Group, are now included in the appropriate geographical area.

The course of prices of four principal raw materials is illustrated in the following table:

	1955 Jan.	1955 Mar.	1955 June	1955 Sept.	1955 Dec.	1956 Mar.
	£	£	£	£	£	£
Philippine Copra	74	66	66	64	63	64
Groundnut Oil	102	93	102	103	111	131
Cottonseed Oil	104	96	104	105	112	147
Palm Oil (Belgian Congo)	85	83	81	82	84	86

World exports of edible and soapmaking oils and fats increased by more than half a million tons in 1955, reflecting heavier shipments of vegetable oils and animal fats from the United States, and increased exports of groundnut oil from India, copra from the Philippines, and butter from Australasia. Exports of oils and oilseeds from Indonesia and British West Africa were smaller than in 1954.

Imports into Western Europe, Japan and Argentina were substantially larger than in 1954, and the Soviet countries too bought larger quantities from both China and the Western World. The United States distributed about 100,000 tons of butter and vegetable fats in the form of gifts to a number of countries.

World consumption of oils and fats in 1955 increased by over 4%, and privately held stocks were built up in most importing countries. Apart from strategic reserves, government-held stocks have now been virtually liquidated and the United States Commodity Credit Corporation held, at the end of 1955, no more than 20,000 tons of surplus butter.

MARGARINE AND OTHER EDIBLE FATS

Sales of edible fats for the past three years were:—

1953	1954	1955
1,281,000 tons*	1,434,000 tons*	1,589,000 tons

One of the chief developments during the year was a large increase in the sales in Germany of our best quality margarine Rama. This has exceeded our highest expectations and Rama has replaced Sanella, our standard quality brand in Germany, as the world's largest selling brand.

In the Netherlands a change in the turnover tax and the final elimination of the levy on margarine enabled margarine prices to be considerably reduced. Our brands Blue Band and Planta maintained their strong position.

In the United Kingdom 1955 was the first full year since 1939 of freedom from Government control. Our best quality margarine, Summer County, was changed to a 10% butter mixture and its sales have shown a healthy increase.

In the United States, despite supplies of butter at more competitive prices, we improved our margarine sales, although the industry as a whole did not increase its tonnage. Our share

* The figures for 1953 and 1954 have been adjusted to conform with the reclassification of certain oils in 1955.

of the market in cooking fats, however, declined. With lard cheap and plentiful and competition more intense, our product Spry had a difficult year.

Our margarine business in Canada had a good year and the volume of sales increased.

In a number of countries growing sales have led us to extend our manufacturing capacity. In South Africa a new factory was officially opened at Boksburg in October; in Turkey, too, where we had a most successful year, we enlarged our manufacturing capacity.

We regained possession of our margarine and oil factory at Atzgersdorf, in the former Russian zone of Austria.

SOAP AND OTHER DETERGENTS

Our sales of all detergents, soaps and synthetics, for the past three years were:—

1953	1954	1955
1,311,000 tons	1,438,000 tons	1,559,000 tons

The increase in the sales of soap and soap products was only modest and occurred mainly in the United Kingdom and the less developed countries in Africa and Asia. Nevertheless, world sales of some of our old-established soap products achieved new records, e.g. Sunlight, Lifebuoy, Lux Toilet, Persil – one of our brands of soap powder in the British Commonwealth and in France – and Vim. Sales of synthetic detergents rose substantially in all our markets and new brands were introduced or established in a number of countries and export markets. In considering the figures above and the growing sales of synthetics, it should be remembered that a ton of synthetic detergents as sold gives greater detergency than a ton of soap powder.

In the United Kingdom, where competition continued to be as intense as ever, our trading results were better than in 1954 and the tonnage of washing products sold was higher than ever, new records being established by Persil and Lux Flakes.

The chief development on the Continent of Europe, where sales were generally satisfactory and synthetic products continued to make progress, was the remarkable headway made by synthetic detergents in Germany. Sunil, a heavy-duty synthetic, was successfully introduced in that country and joined Suwa, a cheaper synthetic product, to give us a satisfactory share of the market. Progress in France and Italy was excellent.

In the United States, where in the previous year Lever Brothers Company had been hard put to it to make a modest profit on detergents, our synthetic product Lux Liquid became the leader in its class and Rinso Blue, also a synthetic, improved its position. Despite heavy introductory expenditure on new products, our profits on soaps and synthetics showed a welcome improvement and are now approaching a reasonable level. In Canada, Lux Liquid, introduced in 1954, made very good headway.

Sales in Indonesia and India were excellent and good progress was also made in the Argentine, South Africa, Australia, Ceylon, Malaya, the Philippines and Thailand.

Additional plant to meet the expected expansion in sales was installed in Belgium, France, Germany, Italy, Denmark, Sweden, Finland, Australia, South Africa, Indonesia, India, Nigeria and the Belgian Congo.

TOILET PREPARATIONS

There was a welcome recovery in sales of our toilet preparations, which increased for the first time since 1952. Profits were substantially better. Sales figures were:—

1953	1954	1955
Fl. 260,932,000	Fl. 228,824,000	Fl. 240,932,000

The notable features of the year have been the increasing sales of white toothpaste in Germany, Canada, the U.S.A. and the United Kingdom, a spectacular rise in turnover in Indonesia and the excellent results achieved by our toilet preparations business in the United Kingdom.

On the Continent progress has been satisfactory. Atkinson's sales have developed well in Italy; and in Germany expanding sales of toothpaste and liquid shampoos have increased our profits. In the United States, although there has been a further decline in Chlorophyll brands of dentifrice, the volume of sales of white Pepsodent was maintained and modest profits were earned. Pepsodent also sold well in Canada where once again our business made good profits.

In the United Kingdom, Gibbs S.R., the leading brand of toothpaste, improved its position and so did Pepsodent. Success in the "home perm" market was outstanding; sales of Twink were excellent; and Rayve, a new product in cream form, exceeded expectations on its introduction. Gibbs Sunsilks kept its position as the leading liquid shampoo.

FOOD

Expansion in our food sales continued to be encouraging. The figures were:—

1953	1954	1955
Fl. 1,180,172,000	Fl. 1,342,800,000	Fl. 1,470,225,000

TEA

It was a difficult year for our tea businesses because of violent fluctuations in the prices of teas. In these conditions Liptons in the United States did well to increase their turnover slightly, but our businesses in Australia and Canada showed disappointing results.

SOUPS

Sales of our dried soups increased nearly everywhere, notably in the Netherlands, Belgium, the United Kingdom, the United States, Canada and Australia.

ICE-CREAM

Thanks to a hot summer and a flexible organisation, T. Wall & Sons in the United Kingdom increased their sales of ice-cream by nearly one-third, with a more than proportionate increase in profits. Sales and profitability also rose satisfactorily in Germany.

CANNED PRODUCTS

Batchelors in the United Kingdom had a disappointing year with their canned peas. Sales of canned tuna by our importing business there showed a healthy increase.

FISH

It was not an easy year for the Mac Fisheries business in the United Kingdom; although turnover increased, profits were lower; but more shops were modernised and new retail branches opened. In Germany, turnover and profits increased both in the trawling and in the retail fish businesses.

MEAT PRODUCTS

In the Netherlands, Hartog's meat business at Oss more than held its own. T. Wall & Sons in the United Kingdom increased production facilities for their meat business, but their turnover in sausages, pies and meat products, although greater, was not as profitable as in 1954.

QUICK FREEZING

Birds Eye in the United Kingdom continued its sound progress; sales of their products showed a substantial increase and the introduction of "Fish Fingers" in September was a particularly successful operation. In New Zealand, too, our business expanded.

OIL, CAKE AND MEAL

Sales of oils and animal feeding stuffs increased in the Netherlands; but profits were not as satisfactory as in 1954.

In the United Kingdom, too, there was a further increase in the consumption of compound animal feeding stuffs and our business continued its lively expansion. Sales established a new record but margins narrowed so that profits were lower than in 1954. We were able to do profitable business in linseed oils.

In France, the volume of our turnover declined.

OTHER INTERESTS

The continued high level of industrial activity enabled the chemical business of Joseph Crosfield & Sons Limited to expand but the business of Price's (Bromborough) Limited in oleine and stearine did not have quite as successful a year as in 1954. John Knight's tallow business and glue trade earned good profits as did our emulsifiers and synthetic vitamins, the sales of which greatly increased.

In the Netherlands, the profits of our printing business remained at their 1954 level, while in Germany a good increase in the turnover of our printing, paper and packaging materials businesses brought larger profits. Our transport, shipping and haulage business on the Continent again yielded satisfactory results, and our French factory producing chemicals for synthetic detergents also showed increases both in output and profits.

PLANTATIONS

The total area of our plantations in the Belgian Congo, Nigeria and the Cameroons, Gold Coast, Malaya and the Solomon Islands had risen to 67,356 hectares by the end of 1955 compared with 64,359 hectares in 1954. Most of the increase was in oil palm plantations in the Belgian Congo.

Production of main crops:

		1954	1955
Palm Oil	tons	66,600	65,700
Rubber	tons	3,800	4,900
Copra	tons	4,800	4,800
Bananas	stems	397,000	406,000

The young cocoa and coffee plantations in the Belgian Congo made good progress.

Total sales of produce amounted to Fl. 76,459,000 in 1955 compared with Fl. 68,766,000 in 1954. Profits were 17% higher.

A start has been made in the Gold Coast with a small palm plantation belonging to a company set up by the Agricultural Development Board. We act as managers of the plantation, and hold a small proportion of the capital.

In the Belgian Congo we have secured increased production of better quality palm oil from natural palmeries by buying fruit in bunch form from African cutters and sterilizing and stripping the branches mechanically. Previously, the cutters had to pick the fruit off the bunches by hand.

Following the successful breeding experiments carried out by the Government agricultural research organisation in the Belgian Congo, we now send pollen by air from our African plantations to Malaya to improve our oil palm yields there.

On our estates in Nigeria and the Cameroons seven of the management staff of thirty-five are Africans. In the Belgian Congo, we have over 100 Africans, trained by the Company, occupying positions requiring technical knowledge and experience.

THE UNITED AFRICA GROUP

In 1955, production of the main export crops of West Africa was about 10% higher than in 1954. World prices of West African produce were on average lower than in 1954. In French West and Equatorial Africa business was directly affected by these lower prices, but in British West Africa, where producers are shielded from the effects of fluctuations in world prices by the Marketing Boards, trading conditions were more stable.

Government and private investment slowed down in French territories and in the Belgian Congo, but continued at the same pace in British territories. The volume of currency in circulation in British West Africa in June 1955 was 6% higher than a year earlier and in the Belgian Congo 2% higher, but in French West and Equatorial Africa it was 4% lower.

The total value of produce handled, merchandise sold and services supplied by the Group in all territories increased by 4% to Fl. 2,915 million. The sales value of all produce handled was 7% lower at Fl. 1,062 million, although the volume was the same as in 1954. Merchandise sales at Fl. 1,762 million were 11% higher.

BRITISH WEST AFRICA

The value of the Group's total sales of merchandise in British West Africa was 15% higher and margins on the whole were maintained. There was a general rise in wage levels, and

operating costs rose, but because of the increase in sales, profits did not suffer. Stocks and commitments rose in proportion to turnover.

With the exception of motor vehicles, supplies of goods for the West African trade were freely available, and competition particularly from the smaller merchants increased. There is evidence of the development of a prosperous African middle-class, particularly in the cocoa areas, and our Department Stores have to supply a wider range of higher quality goods.

In Nigeria there was an increased demand for textiles, and the switch from Lancashire to Japanese sources of supply continued. Import controls generally were eased during 1955, but not sufficiently to enable the Group to use the flexibility of its buying organisation to the best advantage.

Government building of roads, power stations, harbours, hospitals, schools and other public works maintained the demand for technical equipment and machinery and we have strengthened this side of our business to keep pace with this growing development. To ensure an adequate supply of skilled craftsmen we have opened technical training schools for Africans in Accra and Lagos and others will be opened at Kano and Aba in Nigeria. Apprentices in marine engineering and allied trades are being trained at Burutu.

Despite the variation in world prices, the Marketing Board's prices to producers for cocoa and groundnuts were virtually unchanged. The price of palm kernels in Eastern Nigeria was reduced by £ 4 to £ 30 a ton. Edible palm oil, for which the Board had previously paid £ 65 a ton in Eastern Nigeria, was sub-divided into two grades, the higher being priced at £ 58 a ton and the lower at £ 48. At the same time the price of the highest grade of technical oil was reduced from £ 50 to £ 38 a ton. With this structure of prices the quantity of palm oil produced by Africans for export declined by 10%, but part of this reduction may have been caused by unfavourable weather. The quality of Nigerian palm oil continued to improve and about 70% was of edible quality. In Nigeria the transfer of marketing from central to regional boards was accomplished smoothly.

We have continued to adapt our organisation to the rapid changes in the political field in British West Africa, where our policy is one of active co-operation with the new forms of government now being evolved. The decision taken in 1954 to transfer a large part of our trading business in Nigeria to a locally incorporated company was followed by a re-arrangement of its regional control. Our administrative areas now fit geographically into the three main political divisions of Nigeria, with an administrative centre in Lagos.

FRENCH TERRITORIES

The volume of our purchases of produce was maintained at the 1954 level. Despite a fall in purchasing power our sales of merchandise increased by 4% but net profits were lower. As in British territories, our sales of technical equipment are increasing and this side of our business is being enlarged. In the Ivory Coast, we are setting up a plant for milling and grading coffee so that internationally recognised qualities can be established. A small housing estate was built for some of our African staff at Dakar.

BELGIAN CONGO

On the whole, the economy of the Belgian Congo was stable; exports of agricultural products and total imports showed little change in 1955. Our turnover, margins, and net results were broadly the same as in the previous year. Competition in the motor business continued to be severe and we have taken steps to meet this by strengthening our sales and service organisation. This has involved relatively heavy capital expenditure.

RIVER FLEET AND LIGHTERAGE

The Transport Departments in British West Africa (including the Niger River Fleet) handled a record volume of 3,674,000 tons in 1955, which was 434,000 tons more than in 1954. The Benue river season was even better than in 1954 and units of the River Fleet were at no time immobilised. Consequently, although the tonnage carried was the same as in the previous year, operating costs fell. An increasing proportion of the River Fleet cargo is handled by mechanical means.

The first phase of the African housing programme at Burutu was completed during the year.

TIMBER PRODUCTION

Timber prices fell in 1955 but the Group was able to dispose of its output of logs and sawn timber at satisfactory prices. Our plywood is well established in the market, and its price was maintained during the year in spite of the downward trend.

Log production in Nigeria was higher and although labour costs rose, costs per ton of output declined. The Group has established a research laboratory at Sapele to deal with problems of quality control, seasoning and the protection of timber from weather, fungi and insects.

1955 proved a turning point for the Group's timber business in the Gold Coast. Log production increased, sawmill costs were reduced and for the first time this business came near to breaking even.

EAST AFRICA

Imports continued to be hampered by shipping difficulties, but nevertheless sales by our subsidiary, Gailey and Roberts, increased by 11%. Net results were a little better than in 1954. The re-organisation of this business is nearing completion and the effect on profits is now becoming apparent. In East Africa the Group also buys coffee, cotton and a wide variety of minor products. Competition was keen and, with world prices fluctuating widely, profits were lower.

MIDDLE EAST

In Iraq, larger royalty payments for oil increased purchasing power. The Group's merchandise business, particularly in motor vehicles, continued to expand. The barley harvest was poor and the Group handled a smaller tonnage but maintained its trade in dates.

Bahrain lost some of its entrepot trade with Saudi Arabia and this reduced our business. In Kuwait, the Group's business was maintained.

MOROCCO

The political disturbances here have not noticeably affected our business. Our sales of motor vehicles and agricultural machinery increased and although operating expenses rose, our profits showed little change.

PALM LINE LIMITED

During 1955, wages and other costs continued to rise and operations were affected by the dock and railway strikes in the United Kingdom. Palm Line uses chartered vessels for much of the cargo exported from West Africa and charter rates rose sharply during 1955. This rise could not be passed on to shippers and was added to the Line's costs. Profits for the year were

a little lower than in 1954. The increased demands of the West African trade have led to a decision to add five new ships to the Line's permanent fleet. This will bring the total up to 24 ships.

LOSSES BY FIRE

In 1955 two disastrous fires occurred. One, on premises managed by the Group as agents for the French authorities, in the river port of Garua in the French Cameroons, resulted in the loss of large stocks of cotton. The other, in a depot at Usumbura in the Belgian Congo, managed by the Group as agents for a petroleum company, destroyed large stocks of petrol.

EXPORTS

Our export sales from the Netherlands and the United Kingdom, including exports of merchandise by the United Africa Group, were as follows:

	1953	1954	1955
Netherlands	Fl. 240,126,000	Fl. 327,406,000	Fl. 329,759,000
United Kingdom	Fl. 433,121,000	Fl. 443,326,000	Fl. 548,407,000

Our exports from the Netherlands showed little change. Shipments of edible fats rose by 21% mainly because sales of Magic margarine to the United Kingdom in their first full year continued at a high level. Our exports of meat products from the Netherlands, however, declined slightly although shipments of Unox port luncheon meat to the United Kingdom continued to expand.

Exports of detergents from the United Kingdom rose by 8% to just under 59,000 tons, exports of synthetic detergents being particularly good; but shipments of Sunlight and Lifebuoy soaps declined. Sales of toilet preparations increased by 13% and edible fats by 34%, this increase being mostly in our premium proprietary brands. Food exports also increased sharply, notably in Birds Eye frozen foods, Batchelors' canned goods and Wall's products. Shipments of merchandise from the United Kingdom by the United Africa Group, at Fl. 371,719,000, were 23% higher.

PERSONNEL

The problem of recruiting sufficient numbers of men with the right qualities for management is as urgent as ever. The competition by employers to secure men of high calibre is intense in practically all the countries in which we operate. In many countries the shortage of men with the right technical qualifications is particularly acute. In the Netherlands the problem is a real one, but the difficulty here is not so pronounced as in the United Kingdom.

Among the steps which we take to ensure a succession of first-class managers in the years to come, our Management Development Schemes play an important part. These Schemes are in operation in the Netherlands, in the United Kingdom and in many of our Companies elsewhere on the Continent and overseas. In various countries where candidates for the Scheme come partly from outside and partly from within the ranks of the business, the number of successful internal candidates rose considerably.

In Asia and Africa, we have continued to make progress in recruiting and training nationals of the countries concerned for positions of responsibility in our Companies. These men are being sent in increasing numbers to spend a period of training in Europe. But few of the

countries are yet in a position to produce a sufficient supply of trained managers to satisfy their own requirements completely. This is the ultimate goal but, meanwhile, there is still a need for men who have proved their worth in Europe to go out to posts of senior responsibility in the countries overseas.

In the Netherlands, the United Kingdom and elsewhere we have continued to develop closer relationships with universities, schools and technical colleges.

Labour relations throughout Unilever were, in general, good during the year though in a number of countries, particularly in West Africa, we were faced with labour disputes, mostly local and short-lived. In the under-developed countries labour is becoming more organised and Trade Unions are a growing force. In dealing with the problems which result, and in seeking to create the right relationship between management and labour in these countries, our overseas companies have been helped by the experience which we have gained in Western Europe.

The medical and nursing services which we provide for our employees were extended in many countries and increasing use is being made of the facilities provided. On our plantations in the Belgian Congo the work of our maternity wards has increased and it is estimated that these save the lives of more than a thousand African babies every year.

The value of the assets of the Unilever Pension and Provident Funds rose to nearly Fl. 800 million and the total number of employees covered by the fund increased to 104,200. A further 4,200 are covered under schemes with insurance companies. The total of companies' pension contributions and other payments for employees' retirement provisions dropped to Fl. 68,000,000 in 1955 from Fl. 69,200,000 in 1954, when the figure was swollen by a funding operation in Germany.

CAPITAL PROJECTS

A large proportion of the capital expenditure projects recorded in last year's Report were either completed or nearing completion by the end of 1955. The continued expansion of the business and the pace of technological developments are reflected in the number of plans formulated during the year for the provision of additional facilities and the replacement of obsolete plant. The total of capital projects approved during the year, the effects of which will be seen in future operations, amounted to Fl. 436,000,000, an increase of Fl. 86,000,000 over the total for 1954. Only the more important are included in the following list.

MARGARINE AND OTHER EDIBLE FATS	Fl.
Oil hardening plant at Purfleet, England	8,299,000
Combined steam and power plant at Purfleet, England	8,310,000
Plant for manufacture of speciality fats at Silvertown, England	1,702,000
Boilers for Hamburg and Mannheim, Germany	2,043,000
SOAP AND OTHER DETERGENTS	
Synthetic detergents plant, including plant for the production of chemicals for synthetic detergents, at Haubourdin, France; Olten, Switzerland; Mannheim, Germany; Milan, Italy; Boksburg, South Africa; St. Louis and Baltimore, U.S.A.	15,492,000
Soap factory at Aba, Nigeria	6,522,000
Extension of soap factories at Vlaardingen in the Netherlands and at Djakarta and Sourabaya, Indonesia	4,607,000

FOODS OTHER THAN EDIBLE FATS	Fl.
Modernisation and extension of meat products factory at London, England	4,905,000
Purchase and improvement of Mac Fisheries' shops in the United Kingdom	3,639,000
Canned goods factory at Ashford, England	23,876,000
Extension of processing and distribution equipment for frozen foods, England	17,577,000
Ice-cream depots, cold stores and customers' refrigerators:	
United Kingdom	3,820,000
Germany	1,543,000
Extension of ice-cream plant at Hamburg, Germany	2,809,000
Tea-bagging machines for U.S.A.	3,926,000
Deep-sea trawlers, Germany	4,192,000
OIL, CAKE AND MEAL	
Extension of oil refinery at Bordeaux, France	1,096,000
Modernisation and extension of animal feeding stuffs mills at Selby and Manchester, England	7,884,000
UNITED AFRICA GROUP	
Cargo vessels for Palm Line	58,041,000
Department store at Accra, Gold Coast	4,250,000
Property used by trading and motor departments at Accra, Gold Coast	1,000,000
General development, French Ivory Coast	4,235,000
Facilities for treatment and storage of coffee and cocoa at Abidjan, French Ivory Coast	2,117,000
Trading buildings at Onitsha, Nigeria	1,181,000
Buildings for Motor Department, Sierra Leone	1,000,000
GENERAL	
Plant for treatment of fatty acids at:	
Baasrode, Belgium	1,447,000
Asnières, France	1,851,000
Modernisation and extension of glycerine recovery plant at Sydney, Australia . .	2,575,000
Extension of paper-making and packaging materials plants and printing works in the Netherlands and Germany	11,778,000
Office building at: Sydney, Australia	7,671,000
Djakarta, Indonesia	1,766,000
Storage and distribution depots in the United Kingdom	11,108,000
Motor vehicles (less sales of old vehicles)	31,271,000
Housing for employees	10,470,000
Employees' welfare facilities	5,331,000

MEMBERSHIP

At 31st December, 1955, the number of stockholders in LIMITED was 189,550. Nearly all the share capital of N.V. is represented by bearer scrip and the number of members cannot be ascertained.

DIRECTORS

In January, 1956, the death occurred of Mr. Horatio Ballantyne, who was a member of the Boards of N.V. and LIMITED from the time of the merger. After his retirement in 1937 he continued as an Advisory Director of LIMITED until his death.

Mr. Paul Rijkens who, upon reaching retirement age in 1953, agreed to remain for two years on the Boards of N.V. and LIMITED and to continue as Chairman of N.V., relinquished his appointments on 31st December, 1955. He first joined Van den Bergh's in 1910. Together with the late Anton Jurgens he was largely instrumental in arranging the merger of the Van den Bergh and Jurgens organisations in 1927 which brought into being the Margarine Unie. He subsequently played a very important part in the amalgamation in 1930 of Margarine Unie and Lever Brothers and the creation of Unilever, to the management of which he devoted his exceptional gifts for over twenty-five years. We wish to express our gratitude for his past services and have pleasure in recording his appointment as an Advisory Director of N.V.

Mr. F. J. Tempel succeeded Mr. Rijkens as Chairman of N.V. on 1st January, 1956.

Since the previous Annual Meeting, Mr. G. D. A. Klijnstra and Mr. R. H. Siddons have been elected directors of N.V. and LIMITED.

All the Directors retire in accordance with Article 15 of the Articles of Association. Sir Herbert Davis, who has reached retirement age, and Mr. J. H. Hansard, at his own request, do not seek re-election. Sir Herbert Davis joined Jurgens' in England in 1919; in 1937 he became a director of N.V. and LIMITED and in 1942 a Vice-Chairman of LIMITED. Mr. Hansard became a director of LIMITED in 1940 and of N.V. in 1945. We record with thanks their many years of valuable service to our Company. All the other Directors offer themselves for re-election.

AUDITORS

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

ROTTERDAM, 4th April, 1956.

ON BEHALF OF THE BOARD,

F. J. TEMPEL, *Chairman.*

HEYWORTH, *Vice-Chairman.*

“PROGRESS”

PROGRESS, a quarterly magazine published in England, describes the activities of Unilever throughout the world, and also contains commentaries by experts inside and outside the business on current topics in which the Group is interested.

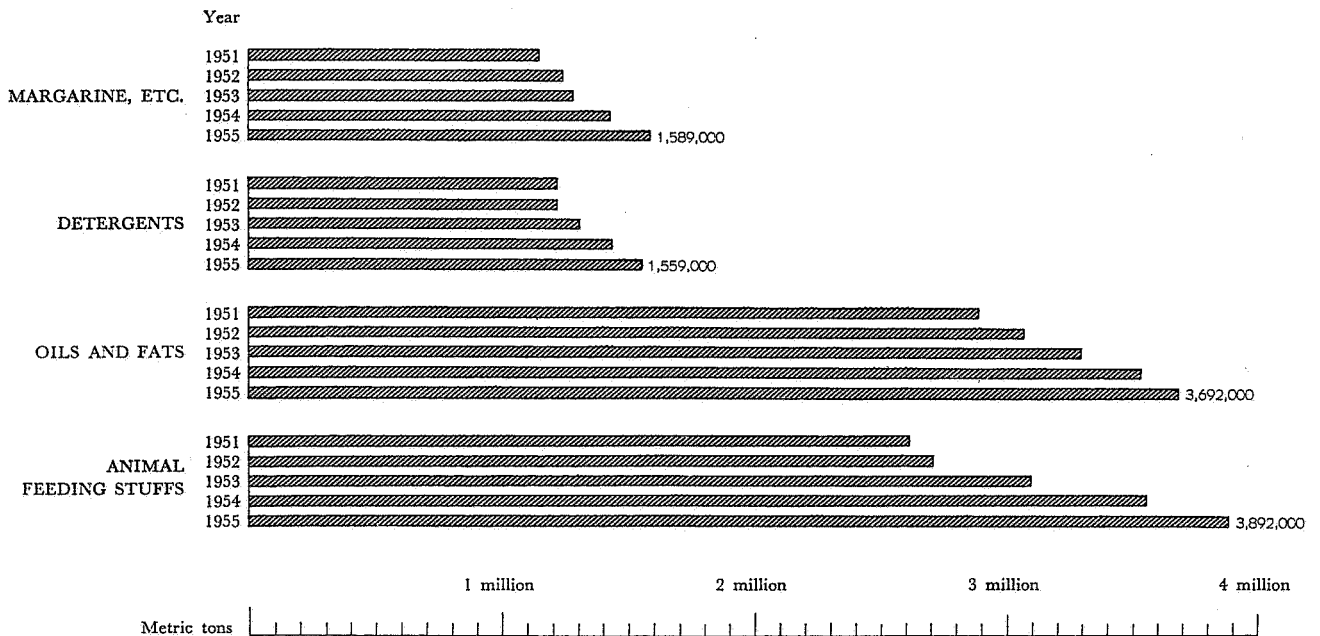
Shareholders of Unilever N.V. who would like to receive complimentary copies are invited to send their names and addresses to Unilever N.V., Postbus 760, Rotterdam.

TURNOVER BY COMMODITIES

1954		1955	
%	Fl.	Fl.	%
16	2,480,205,000	Margarine, edible fats and salad oils	2,665,256,000 17
14	2,193,670,000	Soap and other detergents	2,450,818,000 15
1	228,824,000	Toilet preparations, including perfumes	240,932,000 1
9	1,342,800,000	Foods	1,470,225,000 9
28	4,207,035,000	Vegetable and animal oils and fats	4,071,588,000 25
8	1,189,275,000	Animal feeding stuffs	1,390,435,000 9
4	671,150,000	Miscellaneous manufactures, including glycerine	734,692,000 5
		Produce (mainly tropical produce handled by the United Africa Group) including timber products	1,138,533,000 7
8	1,205,757,000	Merchandise (mainly handled by the United Africa Group) ..	1,773,592,000 11
11	1,612,290,000	Services (including ocean, river and road transport)	183,391,000 1
1	163,239,000		
<u>100</u>	<u>15,294,245,000</u>	TOTAL VALUE	<u>16,119,462,000</u> <u>100</u>
	Fl.	Represented by:	Fl.
	10,362,903,000	a. Sales to third parties	11,374,915,000
	947,332,000	b. Value of produce purchased for the West African Marketing Boards, and production for other manufacturers	549,599,000
	3,984,010,000	c. Supplies of marketable products and services within the organisation	4,194,948,000
	<u>15,294,245,000</u>		<u>16,119,462,000</u>

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.
Produce purchased for the West African Marketing Boards is included on the basis of Government controlled prices.

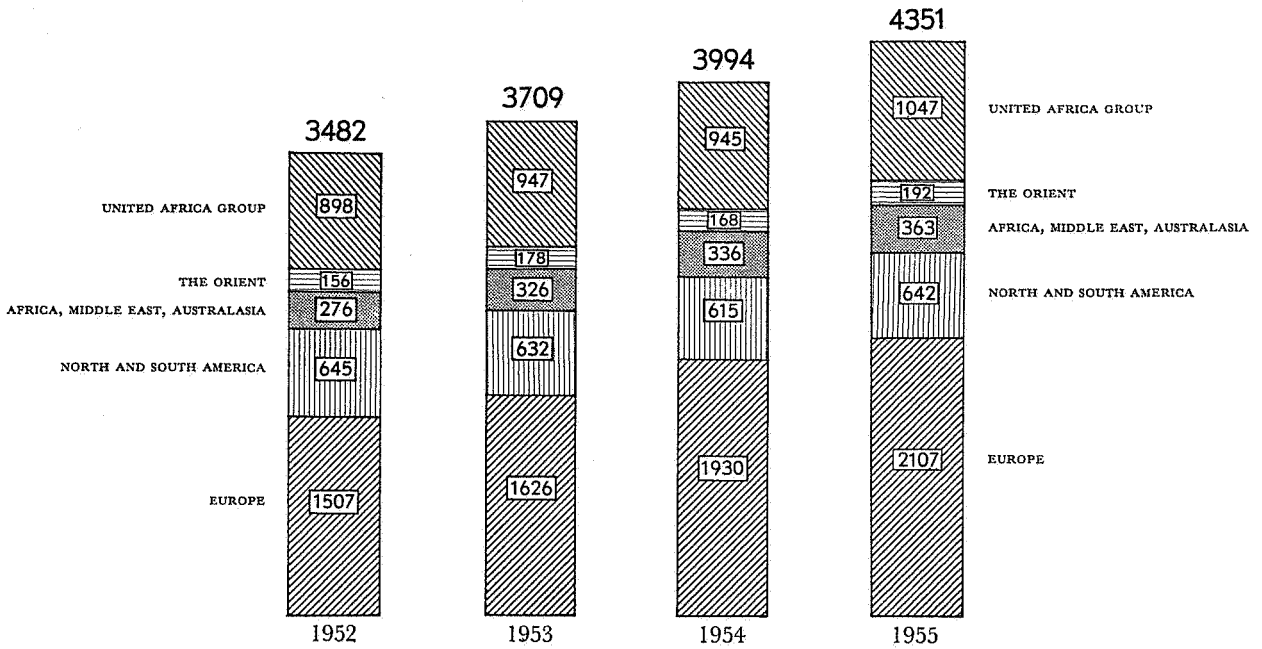
TONNAGES OF PRINCIPAL PRODUCTS



CAPITAL EMPLOYED 1952-1955 BY GEOGRAPHICAL AREAS

(Excluding Interests Not Consolidated)

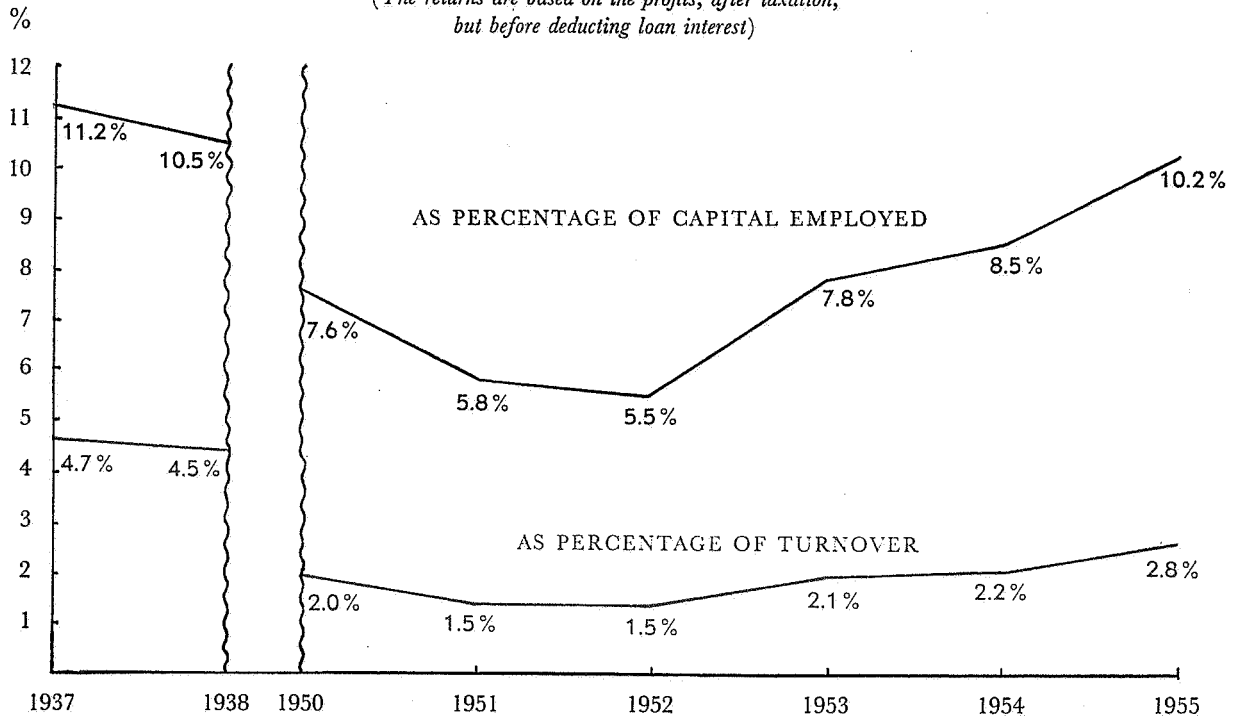
Figures represent Fl. millions.



The figures given in previous years for the United Africa Group included those for Plantations, now allocated to appropriate areas.

RETURN ON CAPITAL EMPLOYED AND TURNOVER

(The returns are based on the profits, after taxation, but before deducting loan interest)



STATEMENT A

CONSOLIDATED PRO
UNILEVER N.V. AND UNILEVER

Figures in red

1954				1955		
N.V.	LIMITED	Combined		N.V.	LIMITED	Combined
Fl.	Fl.	Fl.		Fl.	Fl.	Fl.
328,325,000	417,488,000	745,813,000	I. TRADING PROFIT	474,909,000	434,332,000	909,241,000
2,377,000	9,670,000	12,047,000	II. INCOME FROM TRADE INVESTMENTS	3,279,000	11,276,000	14,555,000
10,249,000	10,675,000	20,924,000	III. INTEREST ON LOAN CAPITAL	8,351,000	10,535,000	18,886,000
320,453,000	416,483,000	736,936,000	IV. PROFIT BEFORE TAXATION	469,837,000	435,073,000	904,910,000
181,949,000	224,682,000	406,631,000	V. TAXATION ON PROFIT OF THE YEAR INCLUDING FOREIGN TAXES	241,296,000	225,853,000	467,149,000
138,504,000	191,801,000	330,305,000	VI. PROFIT FOR THE YEAR AFTER TAXATION	228,541,000	209,220,000	437,761,000
9,883,000	8,982,000	18,865,000	VII. EXCEPTIONAL ITEMS			
1,957,000	11,466,000	9,509,000	a. Taxation adjustments—previous years ...	18,792,000	32,001,000	50,793,000
			b. Other	2,065,000	12,038,000	14,103,000
10,908,000	8,840,000	19,748,000	VIII. AMOUNTS ATTRIBUTABLE TO OUTSIDE SHAREHOLDERS' INTERESTS IN SUBSIDIARIES	13,160,000	9,442,000	22,602,000
135,522,000	203,409,000	338,931,000	IX. CONSOLIDATED NET PROFIT	236,238,000	243,817,000	480,055,000
11,578,000	46,255,000	57,833,000	X. PREFERENTIAL DIVIDENDS OF PARENT COMPANIES	11,660,000	46,255,000	57,915,000
—	20,814,000	20,814,000	Less: United Kingdom income tax	—	19,658,000	19,658,000
11,578,000	25,441,000	37,019,000		11,660,000	26,597,000	38,257,000
123,944,000	177,968,000	301,912,000	XI. PROFIT ACCRUING TO ORDINARY AND DEFERRED CAPITAL	224,578,000	217,220,000	441,798,000
42,759,000	35,856,000	78,615,000	XII. ORDINARY AND DEFERRED DIVIDENDS OF PARENT COMPANIES			
—	64,000	64,000	Ordinary (N.V. 14 ⁰ / ₁₀₀ ; LIMITED 15 ³ / ₄ ⁰ / ₁₀₀)	53,388,000	44,821,000	98,209,000
—	16,164,000	16,164,000	Deferred	—	64,000	64,000
42,759,000	19,756,000	62,515,000	Less: United Kingdom income tax	—	19,076,000	19,076,000
81,185,000	158,212,000	239,397,000	XIII. PROFIT RETAINED IN THE BUSINESS	171,190,000	191,411,000	362,601,000

LIMITED AND THEIR SUBSIDIARIES

represent deductions.

NOTES

i. Trading profit has been ascertained after charging the following:

1954			1955		
N.V.	LIMITED	Combined	N.V.	LIMITED	Combined
Fl.	Fl.	Fl.	Fl.	Fl.	Fl.
86,904,000	88,553,000	175,457,000	92,898,000	91,073,000	183,971,000
1,132,000	1,750,000	2,882,000	1,186,000	1,711,000	2,897,000
109,000	502,000	611,000	92,000	385,000	477,000
<u>88,145,000</u>	<u>90,805,000</u>	<u>178,950,000</u>	<u>94,176,000</u>	<u>93,169,000</u>	<u>187,345,000</u>

Trading profit includes income from investments N.V. Fl. 2,402,000 (Fl. 1,446,000), LIMITED Fl. 4,597,000 (Fl. 2,664,000).

v. In LIMITED, taxation comprises United Kingdom income and profits tax Fl. 216,008,000 less foreign tax relief of Fl. 59,755,000, and foreign taxes of Fl. 69,600,000.

vii. Taxation adjustments arise from reductions in the rates of taxation, particularly in the United Kingdom and Germany, and releases of provisions made in previous years, no longer required.

Exceptional Items, Other, are shown after deduction of taxation and include profits less losses on disposal of fixed assets and investments, N.V. Fl. 3,672,000, LIMITED Fl. 7,998,000, and in N.V. funding of pensions Fl. 1,601,000.

xii. 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.

xiii. Profit retained in the business is represented by additions to the balances in:

1954			1955		
N.V.	LIMITED	Combined	N.V.	LIMITED	Combined
Fl.	Fl.	Fl.	Fl.	Fl.	Fl.
11,006,000	51,272,000	62,278,000	20,844,000	57,688,000	78,532,000
70,179,000	106,940,000	177,119,000	150,346,000	133,723,000	284,069,000
<u>81,185,000</u>	<u>158,212,000</u>	<u>239,397,000</u>	<u>171,190,000</u>	<u>191,411,000</u>	<u>362,601,000</u>

GENERAL

The net profits of the Parent Companies, N.V. Fl. 85,892,000, LIMITED £ 10,347,000 (Fl. 110,094,000), include revenue from subsidiaries to the extent to which profits of direct subsidiaries have been declared as dividends. A number of direct subsidiaries are themselves holding companies. The results of some of these companies incorporate those of their subsidiaries as if they had distributed all their profits to their holding companies. Dividends declared by direct subsidiaries may therefore be represented partly by dividends, including bonus shares, from their subsidiaries and partly by profits retained by those subsidiaries.

It should be borne in mind that there are restrictions on transfer of some foreign currencies.

STATEMENT B

CONSOLIDATED
UNILEVER N.V. AND UNILEVER

Figures in red

31st December 1954			31st December 1955		
N.V.	LIMITED	Combined	N.V.	LIMITED	Combined
Fl.	Fl.	Fl.	Fl.	Fl.	Fl.
213,136,000	598,966,000	812,102,000	215,851,000	598,966,000	814,817,000
303,021,000	227,663,000	530,684,000	378,946,000	284,578,000	663,524,000
590,818,000	1,154,079,000	1,744,897,000	703,559,000	1,282,078,000	1,985,637,000
893,839,000	1,381,742,000	2,275,581,000	1,082,505,000	1,566,656,000	2,649,161,000
84,464,000	153,910,000	238,374,000	92,473,000	153,256,000	245,729,000
248,443,000	270,426,000	518,869,000	231,318,000	265,824,000	497,142,000
183,620,000	<i>183,620,000</i>	—	149,772,000	<i>149,772,000</i>	—
—	212,800,000	212,800,000	—	207,480,000	207,480,000
1,623,502,000	2,434,224,000	4,057,726,000	1,771,919,000	2,642,410,000	4,414,329,000
CAPITAL EMPLOYED			EMPLOYMENT OF CAPITAL		
I. PREFERENTIAL CAPITAL—PARENT COMPANIES			VII. LAND, BUILDINGS, PLANTATIONS, SHIPS, PLANT AND EQUIPMENT		
II. ORDINARY CAPITAL AND RESERVES			VIII. INTERESTS NOT CONSOLIDATED		
a. Ordinary capital—Parent Companies			IX. TRADE INVESTMENTS		
b. Profits retained in the business and other reserves			FIXED ASSETS		
ORDINARY SHAREHOLDERS' FUNDS—PARENT COMPANIES			X. CURRENT ASSETS		
III. OUTSIDE SHAREHOLDERS' INTERESTS IN SUBSIDIARIES			a. Stocks		
IV. LOAN CAPITAL			b. Debtors		
V. N.V./LIMITED INTER-GROUP ITEMS			c. Investments		
VI. FUTURE UNITED KINGDOM TAXATION			d. Cash and bank balances		
869,854,000			1,013,958,000		
903,854,000			1,027,987,000		
1,773,708,000			2,041,945,000		
63,599,000			927,383,000		
23,049,000			62,843,000		
956,502,000			23,732,000		
957,566,000			1,013,958,000		
1,914,068,000			1,027,987,000		
951,761,000			2,041,945,000		
359,387,000			X. CURRENT ASSETS		
30,552,000			a. Stocks		
194,694,000			b. Debtors		
1,536,394,000			c. Investments		
2,389,582,000			d. Cash and bank balances		
3,925,976,000			1,715,554,000		
421,049,000			2,594,887,000		
136,280,000			4,310,441,000		
275,320,000			1,022,357,000		
36,745,000			405,043,000		
869,394,000			763,424,000		
667,000,000			88,555,000		
1,476,658,000			199,599,000		
2,143,658,000			205,806,000		
1,623,502,000			1,715,554,000		
2,434,224,000			2,594,887,000		
4,057,726,000			4,310,441,000		
NET CURRENT ASSETS			NET CURRENT ASSETS		
XI. CURRENT LIABILITIES			a. Creditors		
a. Creditors			b. Short term borrowings		
b. Short term borrowings			c. Taxation and contingencies		
c. Taxation and contingencies			d. Dividends		
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d. Dividends			a. Creditors		
a. Creditors			b. Short term borrowings		
b. Short term borrowings			c. Taxation and contingencies		
c. Taxation and contingencies			d. Dividends		
d. Dividends			a. Creditors		
a. Creditors			b. Short term borrowings		
b. Short term borrowings			c. Taxation and contingencies		
c. Taxation and contingencies			d. Dividends		
d. Dividends			a. Creditors		
a. Creditors			b. Short term borrowings		
b. Short term borrowings			c. Taxation and contingencies		
c. Taxation and contingencies			d. Dividends		
d. Dividends			a. Creditors		
a. Creditors			b. Short term borrowings		
b. Short term borrowings			c. Taxation and contingencies		
c. Taxation and contingencies			d. Dividends		

represent deductions.

NOTES

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

- i. Fl. 2,715,000 of 6% Cumulative Preference Capital was issued by N.V. to shareholders of a subsidiary, Van den Bergh's en Jurgens' Fabrieken N.V., in exchange for Fl. 1,586,000 of A and B 6% Cumulative Participating Preference Capital of that company.
- ii. 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 ordinary capitals were increased by applying reserves in paying up unissued ordinary capital – in N.V. Fl. 75,789,000 of premiums on capital issued – and in LIMITED £ 3,912,000 (Fl. 41,615,000) of premiums on capital issued and £ 1,437,000 (Fl. 15,300,000) of profits retained, together £ 5,349,000 (Fl. 56,915,000). Fl. 136,000 ordinary capital of N.V. was issued on redemption of the balance of 3½% Convertible Notes.
- Details of profits retained and other reserves are set out in statement C.
- The reserves of N.V. are subject to any losses that may arise on interests not consolidated Fl. 62,843,000 referred to under viii below.
- iv. Loan Capital is secured to the extent of N.V. Fl. 33,959,000, LIMITED Fl. 257,844,000.
- v. This is the net balance of several accounts and incorporates loans of £ 11,500,000 by the LIMITED Group to the N.V. Group which are secured on shares of subsidiaries of N.V.
- vii. Details of movements in 1955 and the composition of the net values at 31st December, 1955, are given in statement D.
- viii. This comprises interests in Czechoslovakia, Yugoslavia, Roumania, Poland, Hungary and China.
- ix. This includes interests in companies in which 50% of the ordinary capital is owned, and other investments not held for sale.
- In LIMITED, trade investments are shown at net book value at 31st December, 1947, with additions at cost or valuation, less Fl. 1,451,000 written off.
- x. Investments, which are mainly treasury bills, comprise – quoted, N.V. Fl. 87,877,000, LIMITED Fl. 198,556,000 – market value, N.V. Fl. 97,944,000, LIMITED Fl. 196,562,000 – and unquoted, N.V. Fl. 678,000, LIMITED Fl. 2,254,000.
- xi. Short term borrowings in N.V. are secured to the extent of Fl. 52,017,000.

GENERAL

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

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

The estimated commitments for capital expenditure at 31st December, 1955, were approximately – N.V. Fl. 46,000,000, LIMITED Fl. 133,000,000.

It should be borne in mind that there are restrictions on transfer of some foreign currencies.

STATEMENT C
RESERVES

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

Figures in red represent deductions.

	N.V.		LIMITED		Combined
	Parent	Subsidiaries	Parent	Subsidiaries	
	Fl.	Fl.	Fl.	Fl.	Fl.
PREMIUMS ON CAPITAL ISSUED					
At 1st January, 1955	76,048,000	—	41,615,000	—	117,663,000
Arising on issue of 6% cumulative preference and ordinary capital	1,531,000	—	—	—	1,531,000
Applied in paying up unissued ordinary capital	75,789,000	—	41,615,000	—	117,404,000
Costs of increases in capital	673,000	—	—	—	673,000
At 31st December, 1955	1,117,000	—	—	—	1,117,000
SURPLUS ARISING ON STATUTORY REVALUATIONS OF FIXED ASSETS, ETC.	—	16,304,000	—	—	16,304,000
PROFITS RETAINED IN THE BUSINESS					
At 1st January, 1955	98,016,000	416,754,000	521,865,000	590,599,000	1,627,234,000
Adjustment of LIMITED's 1954 final ordinary dividend due to reduction in the standard rate of income tax in Finance Act 1955	—	—	556,000	—	556,000
Adjustment in respect of bonus shares received from subsidiaries	—	—	9,122,000	9,122,000	—
Applied in paying up unissued ordinary capital	—	—	15,300,000	—	15,300,000
Exchange and other adjustments arising on consolidation	—	178,000	—	5,941,000	5,763,000
Profits of 1955 retained – see statement A	20,844,000	150,346,000	57,688,000	133,723,000	362,601,000
At 31st December, 1955	118,860,000	567,278,000	572,819,000	709,259,000	1,968,216,000
	119,977,000	583,582,000	572,819,000	709,259,000	
TOTAL	703,559,000		1,282,078,000		1,985,637,000

NOTE

Profits retained in the business include stock reserves, N.V. Fl. 21,600,000 and LIMITED Fl. 104,272,000.

STATEMENT D

LAND, BUILDINGS, PLANTATIONS, SHIPS, PLANT AND EQUIPMENT

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

Figures in red represent deductions.

1954				1955		
N.V.	LIMITED	Combined		N.V.	LIMITED	Combined
Fl.	Fl.	Fl.	COST OR VALUATION	Fl.	Fl.	Fl.
1,265,331,000	1,115,510,000	2,380,841,000	At 1st January	1,375,960,000	1,239,848,000	2,615,808,000
147,256,000	139,299,000	286,555,000	Expenditure	156,582,000	168,243,000	324,825,000
<i>11,422,000</i>	<i>14,882,000</i>	<i>26,304,000</i>	Proceeds of sales	<i>12,337,000</i>	<i>14,021,000</i>	<i>26,358,000</i>
<i>25,205,000</i>	<i>79,000</i>	<i>25,284,000</i>	Adjustments on disposals and conversion differences	<i>694,000</i>	<i>14,309,000</i>	<i>15,003,000</i>
1,375,960,000	1,239,848,000	2,615,808,000	At 31st December	1,519,511,000	1,379,761,000	2,899,272,000
			DEPRECIATION			
446,850,000	264,369,000	711,219,000	At 1st January	506,106,000	335,994,000	842,100,000
86,904,000	88,553,000	175,457,000	Charged to revenue	92,898,000	91,073,000	183,971,000
<i>27,648,000</i>	<i>16,928,000</i>	<i>44,576,000</i>	Adjustments on disposals and conversion differences	<i>6,876,000</i>	<i>21,208,000</i>	<i>28,084,000</i>
506,106,000	335,994,000	842,100,000	At 31st December	592,128,000	405,859,000	997,987,000
869,854,000	903,854,000	1,773,708,000	NET BALANCE SHEET VALUES	927,383,000	973,902,000	1,901,285,000
			DETAILS OF NET BALANCE SHEET VALUES			
389,018,000	429,283,000	818,301,000	Land, buildings and plantations	415,438,000	459,533,000	874,971,000
480,836,000	474,571,000	955,407,000	Ships, plant and equipment	511,945,000	514,369,000	1,026,314,000
869,854,000	903,854,000	1,773,708,000		927,383,000	973,902,000	1,901,285,000

NOTE

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

SUMMARY OF CONSOLIDATED FIGURES 1946—1955

N.V. and LIMITED Groups.

(000's omitted)

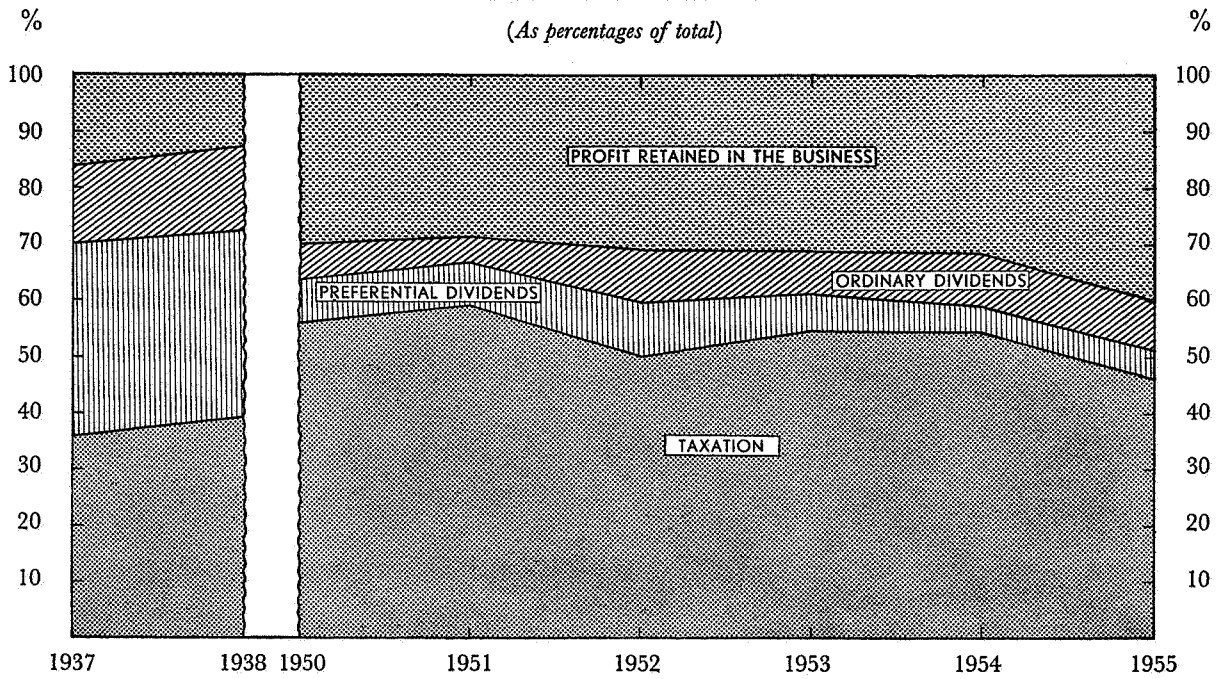
Figures in red represent deductions.

	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955
	Fl.	Fl.	Fl.	Fl.	Fl.	Fl.	Fl.	Fl.	Fl.	Fl.
Preferential Capital	773,772	814,662	814,972	812,102	812,102	812,102	808,724	812,102	812,102	814,817
Ordinary Shareholders' Funds:										
Capital	315,753	316,003	316,003	315,320	315,320	394,750	393,723	394,750	530,684	663,524
Reserves	614,082	736,963	884,644	1,112,589	1,363,699	1,611,103	*1,355,129	1,551,756	1,744,897	1,985,637
Outside Shareholders' Interests	182,922	183,550	185,072	192,616	194,665	218,002	* 226,851	233,922	238,374	245,729
Loan Capital	109,796	111,205	194,925	360,183	473,107	622,877	621,987	596,499	518,869	497,142
Future United Kingdom Taxation	69,492	105,027	89,804	117,040	127,680	151,620	142,830	183,540	212,800	207,480
Total Capital Employed ...	2,065,817	2,267,410	2,485,420	2,909,850	3,286,573	3,810,454	*3,549,244	3,772,569	4,057,726	4,414,329
Turnover	3,618,882	5,124,324	6,601,778	8,521,544	10,521,576	12,825,956	12,983,258	13,900,384	15,294,245	16,119,462
Trading Profit.....	267,049	346,963	321,743	339,921	555,209	573,849	411,788	655,251	745,813	909,241
Taxation for the year	151,759	205,064	187,231	199,319	313,859	350,952	234,666	359,851	406,631	467,149
Exceptional Items	3,068	887	28,556	62,212	6,661	25,938	52,025	6,118	28,374	64,896
Consolidated Net Profit....	88,391	91,003	111,814	208,333	204,573	200,433	222,769	274,508	338,931	480,055
Dividends:										
Preferential	33,800	36,327	37,141	37,019	37,019	35,863	35,726	37,019	37,019	38,257
Ordinary and Deferred ..	23,373	23,395	23,395	23,358	31,002	31,003	39,058	45,914	62,515	79,197
Profit retained in the business	31,218	31,281	51,278	147,956	136,552	133,567	147,985	191,575	239,397	362,601
Profit in relation to Ordinary Shareholders' Funds:	%	%	%	%	%	%	%	%	%	%
Distributed	2.5	2.2	1.9	1.6	1.8	1.5	* 2.2	2.4	2.7	3.0
Retained	3.4	3.0	4.3	10.4	8.1	6.7	* 8.5	9.8	10.5	13.7

* As adjusted for elimination of Premiums and Goodwill and other changes in the presentation of the accounts.

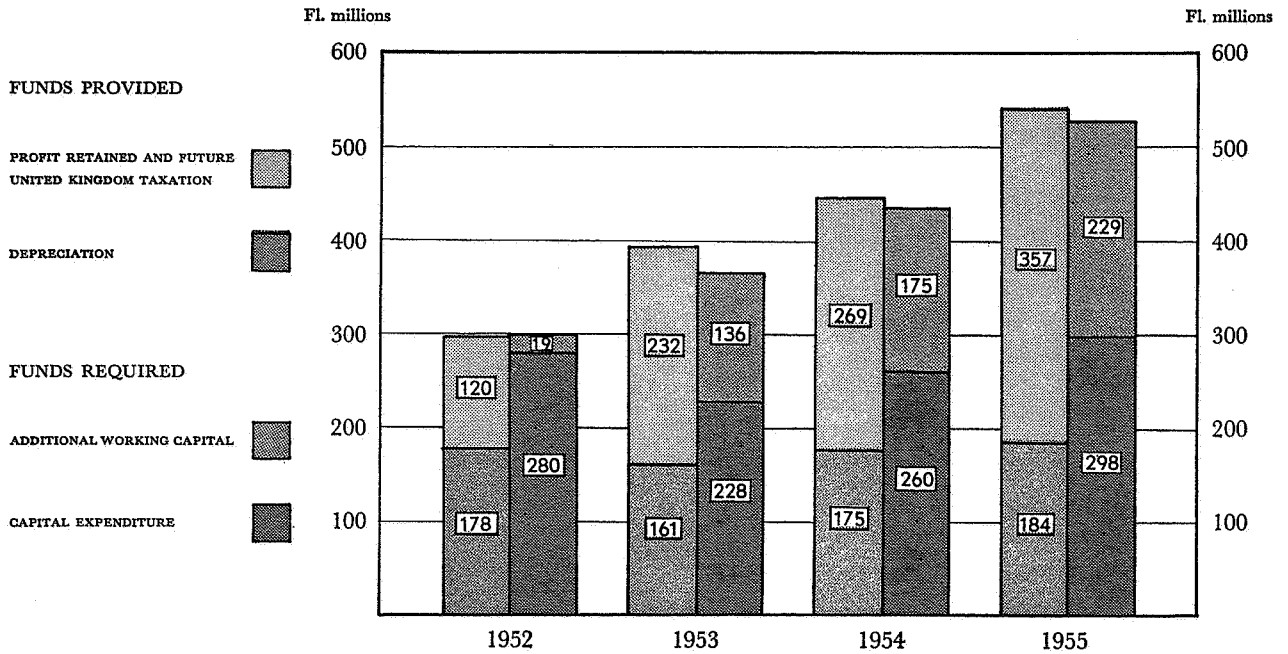
DIVISION OF PROFITS

(As percentages of total)



For this chart, Stock Reserves are treated as Profit Retained.

CHANGES IN CAPITAL EMPLOYED



Minor changes arising in loan capital, trade investments, etc. are ignored.

STATEMENT E

UNILE
BALANCE SHEET AT

Figures in red

1954		CAPITAL EMPLOYED		
Fl.	Fl.	Fl.	Fl.	Fl.
			<i>Authorised</i>	<i>Issued and fully paid</i>
		I. PREFERENTIAL CAPITAL		
	29,000,000	7% Cumulative Preference	<i>Ranking</i> 30,000,000	29,000,000
	109,136,000	6% Cumulative Preference	<i>pari</i> 125,000,000	111,851,000
	75,000,000	4% Redeemable Cumulative Preference } <i>passu</i> 75,000,000		75,000,000
213,136,000			<u>230,000,000</u>	215,851,000
		II. ORDINARY CAPITAL AND RESERVES		
	305,421,000	ORDINARY CAPITAL	<u>500,000,000</u>	381,346,000
	76,048,000	PREMIUMS ON CAPITAL ISSUED		1,117,000
	98,016,000	PROFITS RETAINED IN THE BUSINESS		<u>118,860,000</u>
479,485,000				501,323,000
		III. LOAN CAPITAL		
	340,000	3½% Convertible Notes		—
		IV. INDEBTEDNESS TO LIMITED GROUP.....		
23,749,000				23,123,000
716,710,000				740,297,000
		EMPLOYMENT OF CAPITAL		
		V. INTERESTS IN SUBSIDIARIES		
	256,667,000	Shares at cost		260,681,000
	511,384,000	Advances		517,874,000
	768,051,000			778,555,000
	17,264,000	<i>Less:</i> Deposits		<u>14,633,000</u>
750,787,000				763,922,000
		VI. CURRENT ASSETS		
	2,521,000	Debtors and payments in advance (Fl. 716,000)	2,589,000	
	1,097,000	Investments		
	36,268,000	Cash and bank balances	<u>54,522,000</u>	
	39,886,000			57,111,000
		VII. CURRENT LIABILITIES AND PROVISIONS		
	11,398,000	Creditors and accrued liabilities	9,066,000	
	30,051,000	Taxation and contingencies	32,432,000	
	32,514,000	Dividends, due or proposed	<u>39,238,000</u>	
	73,963,000			<u>80,736,000</u>
34,077,000				23,625,000
716,710,000				740,297,000

ON BEHALF OF THE BOARD,

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

31st DECEMBER 1955

represent deductions.

NOTES

I. Fl. 2,715,000 of 6% Cumulative Preference Capital was issued to shareholders of a subsidiary, Van den Bergh's en Jurgens' Fabrieken N.V., in exchange for Fl. 1,586,000 of A and B 6% Participating Preference Capital of that company. This Capital is entitled to the half-year's dividend payable on 2nd January, 1956, and otherwise ranks *pari passu* in all respects with the 6% Cumulative Preference Capital existing at the time of issue.

The 4% Redeemable Cumulative Preference Capital is redeemable at par at the Company's option either wholly or in part.

II. Fl. 136,000 of ordinary capital was issued on redemption of the balance of 3½% Convertible Notes.

Fl. 75,789,000 of premiums on capital issued was applied in paying up an equivalent amount of ordinary capital which was distributed in the ratio of one ordinary share credited as fully paid for every four existing ordinary shares. A subsidiary of N.V. and a subsidiary of LIMITED, each holding Fl. 1,200,000 of ordinary capital, renounced their right to receive the additional shares applicable to their holdings.

The ordinary shares issued during the year are entitled to the dividends payable for 1955 and otherwise rank *pari passu* in all respects with the ordinary capital existing at the time of issue.

Details of reserves are set out in statement C.

The Company's reserves are subject to any provisions which may be required against interests in Czechoslovakia, Yugoslavia, Roumania, Poland, Hungary and China held by subsidiaries at a book value of Fl. 62,843,000.

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

GENERAL

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

Foreign currency balances have been converted at the appropriate official parities or other current rates of exchange.

Figures in red

1954		CAPITAL EMPLOYED		
£	£	£	£	£
		I. PREFERENTIAL CAPITAL		
		<i>Authorised</i>	<i>Issued and fully paid</i>	
	35,984,690	7% Cumulative Preference } <i>Ranking</i>	35,984,690	35,984,690
	2,360,000	5% Cumulative Preference } <i>pari passu</i>	4,015,310	2,360,000
	15,661,749	8% Cumulative A Preference	40,000,000	15,661,749
	2,287,312	20% Cumulative Preferred Ordinary	2,287,312	2,287,312
56,294,000	56,293,751		82,287,312	56,293,751
		II. ORDINARY AND DEFERRED CAPITAL AND RESERVES		
		CAPITAL		
	21,396,887	Ordinary	59,031,438	26,746,109
	100,000	Deferred	100,000	100,000
	21,497,000		59,131,438	26,846,000
	3,912,000	Premiums on capital issued		—
	49,047,000	Profits retained in the business		53,836,000
74,456,000				80,682,000
		III. LOAN CAPITAL		
	10,000,000	3 ³ / ₄ % Debenture Stock, 1955/75 } <i>Ranking</i>		9,904,000
	14,000,000	4% Debenture Stock, 1960/80 } <i>pari passu</i>		13,989,000
24,000,000				23,893,000
3,100,000		IV. FUTURE UNITED KINGDOM TAXATION		
157,850,000				3,750,000
<i>13,093,000</i>		V. Less: INDEBTEDNESS OF N.V. GROUP		
144,757,000				164,619,000
				<i>13,211,000</i>
				151,408,000
		EMPLOYMENT OF CAPITAL		
			£	£
		VI. FIXED ASSETS		
		<i>Cost or Valuation</i>	<i>Depreciation</i>	
	2,988,000	Land and buildings	3,095,000	192,000
	864,000	Plant and office equipment	1,162,000	231,000
	3,852,000		4,257,000	423,000
	3,196,000	Trade investments		3,196,000
7,048,000				7,030,000
		VII. INTERESTS IN SUBSIDIARIES		
	110,881,000	Shares		115,343,000
	53,044,000	Advances		52,753,000
	163,925,000			168,096,000
	<i>36,131,000</i>	Less: Deposits		<i>37,989,000</i>
127,794,000				130,107,000
		VIII. CURRENT ASSETS		
	356,000	Debtors and payments in advance	530,000	
	6,552,000	Investments	16,789,000	
	10,416,000	Cash and bank balances	6,063,000	
	17,324,000			23,382,000
		IX. CURRENT LIABILITIES		
	<i>1,910,000</i>	Creditors and accrued liabilities	2,204,000	
	<i>3,153,000</i>	Taxation	4,154,000	
	<i>2,346,000</i>	Dividends (net) due or proposed	2,753,000	
	7,409,000			9,111,000
9,915,000				14,271,000
144,757,000				151,408,000
		HEYWORTH, <i>Chairman</i>		
		F. J. TEMPEL, <i>Vice-Chairman</i>		

31st DECEMBER 1955

represent deductions.

NOTES

II. £ 3,911,240 of premiums on capital issued and £ 1,437,982 of profits retained were applied in paying up an equivalent amount of ordinary capital which was distributed in the ratio of one share of £ 1 credited as fully paid for every £ 4 of existing ordinary stock. This capital ranks *pari passu* in all respects with the ordinary capital previously in issue.

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

Details of reserves are set out in statement C at their guilder equivalent.

III. The two issues of debenture stock are secured by a floating charge on the assets of the Company. During the year £ 96,000 of 3³/₄% Debenture Stock 1955/75 and £ 11,000 of 4% Debenture Stock 1960/80 were purchased by the Company.

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

VI. Land, buildings, plant, etc., were revalued at 1st January, 1953, and additions since that date are at cost.

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

VII. 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, less amounts written off £ 2,486,000.

VIII. The investments are Treasury Bills and are stated at market value.

GENERAL

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

There is an outstanding commitment to pay The Union Pension Fund the sum of £ 137,000.

The estimated commitments for capital expenditure at 31st December, 1955, were £ 820,000 including £ 560,000 on behalf of subsidiaries.

Foreign currency balances have been converted at the appropriate official parities or other current rates of exchange.

REPORTS OF THE AUDITORS

N.V. GROUP

TO THE MEMBERS OF UNILEVER N.V.

We have examined the accounts set out in Statements A to E. We have not audited the accounts of some of the subsidiaries but these have been audited either by other public accountants or by the Group's internal audit staff. Sufficient information is not available to enable us to estimate the extent to which the reserves may be required to write down interests not consolidated which are included in the accounts at Fl. 62,843,000 and are referred to in note II in Statements B and E. As in past years the company's net profit Fl. 85,892,000 shown in the general note in Statement A has been arrived at after crediting dividends from its direct subsidiaries which are represented in part by profits of their subsidiaries capitalised by them as bonus shares or retained and not declared as dividend.

Subject to the foregoing remarks, we have obtained all the information and explanations which we considered necessary and in our opinion the said accounts, in conjunction with the relative notes, give a true and fair view of the state of the company's affairs as at 31st December, 1955, and of its profit for the year 1955.

4th April, 1956.

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

LIMITED GROUP

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

TO THE MEMBERS OF UNILEVER LIMITED

We have examined the balance sheet of the company set out in Statement F, which is in agreement with the books of account, and the consolidated accounts of the company and its subsidiaries set out in Statements A to D. Proper books of account have been kept by the company. The accounts of some of the subsidiaries have not been audited by us and those of a group of major importance having interests in Africa, audited as at 31st August, 1955, are estimated accounts based on unaudited returns at 31st December, 1955. We have obtained all the information and explanations which we considered necessary and it is our opinion that, in conjunction with the relative notes, the accounts give the information required by the Companies Act, 1948.

We are of the opinion that, in conjunction with the relative notes, the balance sheet of the company gives with the consolidated accounts a true and fair view of the state of its affairs at 31st December, 1955, 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 1955.

4th April, 1956.

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