



Unilever

ANNUAL  
ACCOUNTS  
*for*  
1988

**Annual Accounts**

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## **Introduction**

This booklet contains the Unilever N.V. Annual Accounts for 1988, the Auditors' Report thereon, further statutory information, and the company balance sheet of Unilever PLC. The Unilever N.V. Annual Accounts comprise the company accounts of Unilever N.V., and the consolidated accounts of the N.V. Group, the PLC Group and the combined N.V. and PLC Groups. Currency figures are expressed in guilders, except where stated otherwise.

This booklet is an English translation of the original Dutch publication. There is also an English version issued by PLC with currency figures expressed in pounds sterling and containing the Unilever PLC Annual Accounts for 1988 together with the Auditors' Report thereon; it is identical with this booklet except for the difference in currency and for certain details which are required only in the United Kingdom or in the Netherlands and which are therefore not included in the N.V. or PLC versions respectively.

The Unilever N.V. Directors' Report for 1988, with figures expressed in guilders, is contained in a separate booklet entitled 'Unilever Annual Report for 1988' which is available in Dutch and in an English translation. In addition there is an English version with figures translated into US dollars, as well as an English version issued by Unilever PLC with figures in pounds sterling.

The documents 'Unilever Annual Report for 1988' and 'Unilever Annual Accounts for 1988' in the Dutch language, with figures expressed in guilders, together comprise the full Annual Report and Accounts and further statutory information, drawn up in accordance with Dutch legislation.

Copies of both Unilever documents and of all other versions thereof can be obtained without charge on application to: Unilever N.V., External Affairs Department, PO Box 760, 3000 DK Rotterdam, or Unilever PLC, External Affairs Department, PO Box 68, Unilever House, London EC4P 4BQ.

## **Unilever**

The two parent companies, Unilever N.V. and Unilever PLC, operate as nearly as practicable as a single company, have identical Boards of Directors and are linked by agreements, including an Equalisation Agreement which is designed so that the position of the shareholders of both companies is as nearly as possible the same as if they held shares in a single company. The combined affairs of N.V. and PLC are, therefore, more important to shareholders than those of the two separate companies.

Consequently, combined accounts are prepared for Unilever N.V. and Unilever PLC which comprise an aggregation of the consolidated accounts of Unilever N.V. and its group companies and the consolidated accounts of Unilever PLC and its group companies.

The Equalisation Agreement, amongst other things, provides for both companies to adopt the same principles of accountancy and requires as a general rule the dividends and other rights and benefits (including rights on liquidation) attaching to each Fl. 12 nominal of ordinary capital of N.V. to be equal in value at the relevant sterling/guilder rate of exchange to those attaching to each £1 nominal of ordinary share capital of PLC as if each such unit formed part of the ordinary capital of one and the same company.

## **Companies legislation**

The accounts set out on pages 2, 4 to 27 and 29 to 31 have been prepared under the historical cost convention. The accounts comply with Civil Code, Book 2 in the Netherlands and the United Kingdom Companies Act 1985.

## **Accounting standards**

The accounts comply with Accounting Standards (SSAPs) in the United Kingdom, except for the treatment of deferred taxation as explained below, and with current Dutch accounting principles.

United Kingdom Accounting Standard SSAP 15 requires that no provision should be made for deferred taxation when it is probable, based on reasonable assumptions, that a liability will not crystallise. In this respect SSAP 15 is not in agreement with Dutch law as currently applied and, because of that and the Equalisation Agreement, full provision continues to be made for deferred taxation liabilities. The effects of this departure from SSAP 15 are shown in the notes to the accounts.

## **OECD Guidelines**

In preparing our Report and Accounts we adhere to the disclosure recommendations of the OECD Guidelines for Multinational Enterprises.

**Report of the auditors to the members of Unilever N.V.**

We have examined the accounts expressed in guilders of Unilever N.V., which include the accounts of the N.V. Group, the PLC Group, and the combined N.V. and PLC Groups.

In our opinion the accounts set out on pages 2 and 4 to 27 give a true and fair view of the state of affairs of Unilever N.V., the N.V. Group, the PLC Group, and the combined N.V. and PLC Groups at 31st December, 1988 and of their profit and source and use of funds for the year then ended.

Coopers & Lybrand Nederland  
Rotterdam

Coopers & Lybrand  
London

As auditors of Unilever N.V.,  
in respect of the  
accounts of Unilever N.V.,  
the N.V. Group and the  
combined N.V. and  
PLC Groups

As auditors of Unilever PLC,  
in respect of the  
accounts of Unilever PLC,  
the PLC Group and the  
combined PLC and  
N.V. Groups

20th March, 1989

A separate audit report has been issued to the members of Unilever PLC on the accounts of Unilever PLC and the PLC Group, in accordance with legal requirements in the United Kingdom, and on the accounts of the N.V. Group and the accounts of the combined PLC and N.V. Groups. Those accounts are expressed in pounds sterling.

**Group companies**

With the exception of Unilever United States, Inc. and its subsidiaries, to which reference is made below:

- companies included in the consolidation of N.V. (N.V. group companies) are the companies in which, directly or indirectly, N.V. holds more than half of the total issued capital and companies in which, directly or indirectly, N.V. holds half or less of the total issued capital where their consolidation is in accordance with the true and fair view required to be given by the accounts;
- companies included in the consolidation of PLC (PLC group companies) are those in which, directly or indirectly, PLC holds more than half of the equity capital and those in which, directly or indirectly, PLC is a shareholder and controls the composition of a majority of the board of directors.

On 30th December, 1987 Unilever United States, Inc. issued to PLC new common stock having a nominal value equal to one-third of the common stock then in issue and held solely by N.V. To present the new ownership most clearly in the accounts of the N.V. and PLC Groups, the assets and liabilities of Unilever United States, Inc. and its subsidiaries as at 31st December, 1987 and 31st December, 1988 and the turnover and results for 1988 have been included proportionally, allocated 75% to the N.V. Group and 25% to the PLC Group. The turnover and results for 1987 of Unilever United States, Inc. and its subsidiaries have been attributed wholly to the N.V. Group.

A list of principal group companies is given on pages 22 to 24.

**Related companies**

Related companies (associated companies and trade investments) are those, other than group companies, in which N.V. or PLC directly or indirectly has a shareholding, on a long-term basis, for the purpose of securing a contribution to the Group's activities.

Associated companies are related companies in respect of which N.V. or PLC is in a position to exercise significant influence. The results of associated companies included in the consolidated accounts are for periods ending not earlier than 30th June.

Trade investments are related companies other than associated companies.

A list of principal related companies is given on page 25.

**Foreign currencies**

Exchange differences arising in the accounts of individual companies from transactions denominated in foreign currencies are dealt with in the individual companies' profit and loss accounts. Those arising on trading transactions are taken to operating profit; those arising on cash, current investments and borrowings are considered similar in nature to the interest on the corresponding asset or liability and are therefore included with interest receivable or interest payable as appropriate.

In preparing the consolidated accounts in guilders, (a) the profit and loss account for the year, (b) the balance sheet values at the year end other than for the ordinary share capital of PLC, and (c) the source and use of funds for the year are translated at year-end rates of exchange. The ordinary share capital of PLC is translated at the Equalisation Agreement rate of £1 = Fl. 12. The difference between the share capital value in guilders thus derived and the value derived by applying the year-end rate of exchange is taken up in Other reserves (see note (19) on page 18). The other effects of exchange rate changes during the year on the assets less liabilities at the beginning of the year are recorded as a movement in profit retained.

**Fixed assets**

No value is attributed to intangible assets. Purchased goodwill, being the difference between the price paid for new interests and the fair value of the Group's share of their net assets at the date of acquisition, is written off in the year as a movement in profit retained.

Tangible assets are stated at cost (net of capital-based grants) less depreciation. Depreciation is provided by the straight-line method at percentages of cost based on the expected average useful lives of the assets. Estimated useful lives by major class of depreciable assets are as follows, the range of lives within each class reflecting the diversity of the assets:

Freehold buildings (no depreciation on freehold land)		33 – 40 years
Leasehold land and buildings	*)	33 – 40 years
Plant and equipment		5 – 20 years
Motor vehicles		3 – 6 years

Fixed investments comprise interests in and loans to related companies and other investments held on a continuing basis.

Interests in associated companies are stated in the consolidated balance sheets at the Group's share of their net assets; the Group's share of associated companies' profits and losses is included in the consolidated profit and loss accounts; and its share of their retained profits and reserves accrued since acquisition, or since the initial investment where a company has changed from being a group company to an associated company, is included in consolidated profit retained.

Trade investments are stated at cost less amounts written off and dividends from these shareholdings are accounted for when received.

Other fixed investments, which are stated at cost less amounts written off, consist of long-term shareholdings in companies that are not group companies or related companies and long-term loans other than to group companies or related companies.

\*) or life of lease if less than 33 years

## **Current assets**

Stocks are stated at the lower of cost and estimated net realisable value, after provisions for obsolescence. Cost is mainly average cost. It comprises direct costs and, where appropriate, a proportion of production overheads.

Debtors are stated after deducting adequate provision for doubtful debts.

Current investments are liquid funds temporarily invested and are shown at their realisable value, the difference between this and cost being taken to other interest receivable and similar income in the profit and loss accounts.

## **Provisions for liabilities and charges**

Liabilities in respect of retirement and death benefits to past and present employees are provided for by payments to pension and provident funds and by making provisions for unfunded pensions. The amounts of the payments/charges are determined on an actuarial basis so that over the long term the funds and provisions will be adequate to meet the liabilities. The provisions for unfunded pensions and similar obligations represent the estimated present value of the future liability for retirement and death benefits, other than benefits provided through pension and provident funds, after taking account of future charges.

Deferred taxation, calculated at current rates of tax unless future rates have been enacted, includes:

- (a) tax liabilities arising from the accelerated depreciation of tangible fixed assets for tax purposes;
- (b) tax liabilities relating to stock reliefs;
- (c) estimated future tax relief on the provisions for unfunded pensions;
- (d) tax on short-term and other timing differences;
- (e) provision for taxation on the revaluation of the net assets of new interests acquired.

Provision is not regarded as necessary, and is not made, for taxation which would become payable if retained profits of group companies and associated companies were distributed to the parent companies, as it is not the intention to distribute more than the dividends the tax on which is included in the accounts.

The deferred taxation which would be necessary if SSAP 15 were applied is given for information in notes (6) and (17) on pages 10 and 15 respectively.

## **Research and development**

Expenditure on research and development is charged against the profit of the year in which it is incurred.

## **Turnover**

Turnover comprises sales of goods and services after deduction of discounts and sales taxes. It includes sales to related companies but does not include sales by related companies or sales between group companies.

## **Inter-group pricing for goods and services**

International trade in own manufactured goods between group companies is relatively unimportant in relation to sales to third parties and related companies. The preferred method for determining the transfer prices is to take the market price; where there is no market price, the two managements concerned engage in arm's length negotiations. Normally this will lead to a price fixed at ex-works cost plus an appropriate percentage for a profit mark-up. Where required the method employed is discussed and agreed with the government authorities of the countries concerned.

General services provided by central advisory departments and research laboratories are charged to group companies on the basis of fees under agreements approved where necessary by the government authorities of the countries concerned.

Where a central purchasing department buys goods for a group company for use in its production, then that company is either treated as the buyer in the contract or is given the benefit of the central purchasing department's contract price.

However, where a specialist buying service is provided directly by one unit for another, an appropriate commission is generally either included in the price or shown on the face of the relevant documents. In most of these cases the method applied is based on agreements with the taxation and other government authorities of the countries concerned.

## **Leases**

Lease rental payments, which are principally in respect of operating leases, are charged to the profit and loss accounts on a straight-line basis over the lease term, or between rent reviews where these exist, except in cases where another systematic and rational basis is more appropriate.

## **Current cost information**

Current cost information on tangible fixed assets is given in note (8) on page 11.

# CONSOLIDATED PROFIT AND LOSS ACCOUNTS

for the year ended 31st December

Fl. million

N.V.		PLC			Combined	
1988	1987	1988	1987		1988	1987
38 848	37 037	23 113	18 074	<b>Turnover (1)</b>	<b>61 961</b>	55 111
(35 418)	(33 859)	(21 057)	(16 680)	Operating costs (2)	(56 475)	(50 539)
3 430	3 178	2 056	1 394	<b>Operating profit (3)</b>	<b>5 486</b>	4 572
87	67	97	85	Income from fixed investments (4)	184	152
(211)	(359)	(197)	52	Interest (5)	(408)	(307)
3 306	2 886	1 956	1 531	<b>Profit on ordinary activities before taxation</b>	<b>5 262</b>	4 417
(1 381)	(1 188)	(713)	(589)	Taxation on profit on ordinary activities (6)	(2 094)	(1 777)
1 925	1 698	1 243	942	<b>Profit on ordinary activities after taxation</b>	<b>3 168</b>	2 640
(97)	(66)	(50)	(58)	Outside interests in group companies	(147)	(124)
1 828	1 632	1 193	884	<b>Profit on ordinary activities attributable to shareholders</b>	<b>3 021</b>	2 516
—	76	—	6	Extraordinary income (7)	—	82
1 828	1 708	1 193	890	<b>Profit attributable to shareholders after extraordinary income</b>	<b>3 021</b>	2 598
(15)	(15)	(1)	(1)	Preference dividends	(16)	(16)
(686)	(578)	(384)	(319)	Dividends on ordinary capital	(1 070)	(897)
1 127	1 115	808	570	<b>Profit of the year retained</b>	<b>1 935</b>	1 685

1 127	1 115	808	570	<b>Movements in profit retained</b>	<b>1 935</b>	1 685
—	419	—	56	Profit of the year retained	—	475
(333)	(4 182)	(316)	(225)	Depreciation method change	(649)	(4 407)
—	1 592	—	(1 592)	Goodwill: group companies and associates	—	—
(44)	317	216	(173)	PLC participation in Unilever United States, Inc. (21)	172	144
750	(739)	708	(1 364)	Currency retranslation	1 458	(2 103)
4 979	5 718	4 041	5 405	Net movements during the year	<b>9 020</b>	11 123
5 729	4 979	4 749	4 041	Profit retained – 1st January	<b>10 478</b>	9 020
				Profit retained – 31st December (19)		

## Combined earnings per share (for details of calculation see page 21)

Guilders per Fl. 4 of ordinary capital **Fl. 10.78** Fl. 8.97  
Pence per 5p of ordinary capital **44.68p** 40.54p

On a SSAP 15 basis the figures would be:  
Guilders per Fl. 4 of ordinary capital **Fl. 10.82** Fl. 9.56  
Pence per 5p of ordinary capital **44.89p** 43.18p

References between brackets relate to the notes on pages 9, 10, 18 and 19.

# CONSOLIDATED BALANCE SHEETS

as at 31st December

Fl. million

N.V.		PLC		Combined	
1988	1987	1988	1987	1988	1987
9 221	7 893	5 945	4 976	<b>15 166</b>	12 869
458	423	293	311	<b>751</b>	734
9 679	8 316	6 238	5 287	<b>15 917</b>	13 603
<b>Fixed assets</b>					
Tangible assets (8)					
Fixed investments (9)					
<b>Current assets</b>					
Stocks (10)					
Debtors (11)					
Current investments (12)					
Cash at bank and in hand (13)					
5 615	4 785	3 910	3 465	<b>9 525</b>	8 250
6 107	5 163	3 149	2 882	<b>9 256</b>	8 045
3 298	1 499	314	305	<b>3 612</b>	1 804
1 105	855	403	738	<b>1 508</b>	1 593
16 125	12 302	7 776	7 390	<b>23 901</b>	19 692
Less:					
<b>Creditors due within one year</b>					
Borrowings (14)					
Trade and other creditors (15)					
2 180	650	1 569	519	<b>3 749</b>	1 169
8 447	7 523	4 566	4 019	<b>13 013</b>	11 542
5 498	4 129	1 641	2 852	<b>7 139</b>	6 981
<b>Net current assets</b>					
15 177	12 445	7 879	8 139	<b>23 056</b>	20 584
<b>Total assets less current liabilities</b>					
<b>Creditors due after more than one year</b>					
Borrowings (14)					
Trade and other creditors (15)					
2 153	1 946	1 158	1 000	<b>3 311</b>	2 946
705	449	336	192	<b>1 041</b>	641
<b>Provisions for liabilities and charges</b>					
Pensions and similar obligations (16)					
Deferred taxation and other provisions (17)					
2 932	2 688	647	676	<b>3 579</b>	3 364
1 376	1 290	822	898	<b>2 198</b>	2 188
368	(848)	(368)	848	—	—
1 003	1 018	291	282	<b>1 294</b>	1 300
<b>Outside interests in group companies</b>					
<b>Capital and reserves</b>					
Called up share capital (18)					
Share premium account					
Profit retained and other reserves (19)					
905	905	494	491	<b>1 399</b>	1 396
52	52	60	32	<b>112</b>	84
5 683	4 945	4 439	3 720	<b>10 122</b>	8 665
6 640	5 902	4 993	4 243	<b>11 633</b>	10 145
15 177	12 445	7 879	8 139	<b>23 056</b>	20 584
<b>Total capital employed</b>					

20th March, 1989

References between brackets relate to the notes on pages 11 to 18.



# CONSOLIDATED SOURCE AND USE OF FUNDS

for the year ended 31st December

Fl. million

N.V.		PLC			Combined	
1988	1987	1988	1987		1988	1987
3 306	2 886	1 956	1 531	<b>Funds generated from operations</b>		
				Profit on ordinary activities before taxation	5 262	4 417
				Elimination of items not involving a flow of funds:		
749	759	475	369	Depreciation	1 224	1 128
204	199	63	33	Unfunded pension provisions, less payments	267	232
100	—	(59)	(47)	Others <sup>a)</sup>	41	(47)
193	224	161	209	Disposals of tangible fixed assets <sup>a)</sup>	354	433
4 552	4 068	2 596	2 095		7 148	6 163
				<b>Funds from other sources</b>		
698	140	203	136	Additional borrowings due after more than one year	901	276
(693)	(612)	(175)	(23)	Reduction of borrowings due after more than one year	(868)	(635)
—	787	—	—	Sale of preference shares in a group company	—	787
4 557	4 383	2 624	2 208	<b>Total sources</b>	7 181	6 591
				Payments for:		
(1 146)	(1 229)	(660)	(507)	Taxation	(1 806)	(1 736)
(621)	(529)	(364)	(275)	Dividends	(985)	(804)
(1 819)	(1 603)	(1 192)	(776)	Capital expenditure <sup>a)</sup>	(3 011)	(2 379)
(638)	(2 451)	(592)	(436)	Purchase of group companies (20)	(1 230)	(2 887)
32	126	462	286	Sale of group companies (20)	494	412
—	1 444	—	(1 444)	PLC participation in Unilever United States, Inc. (21)	—	—
(696)	(360)	(242)	(155)	Increase/decrease in:		
(772)	(758)	(178)	(123)	Stocks	(938)	(515)
				Debtors	(950)	(881)
779	528	310	186	Trade and other creditors		
1 350	(410)	(1 350)	410	(excluding taxation and dividends)	1 089	714
(206)	106	(145)	(11)	Inter-group N.V./PLC	—	—
				Other uses	(351)	95
(3 737)	(5 136)	(3 951)	(2 845)	<b>Total uses</b>	(7 688)	(7 981)
820	(753)	(1 327)	(637)	<b>Increase/(decrease) in net liquid funds</b>	(507)	(1 390)
1 704	2 248	524	1 070	Net liquid funds 1st January	2 228	3 318
(301)	209	(49)	91	Currency retranslation	(350)	300
820	(753)	(1 327)	(637)	Increase/(decrease) in net liquid funds	(507)	(1 390)
2 223	1 704	(852)	524	<b>Net liquid funds 31st December</b>	1 371	2 228
				of which:		
3 298	1 499	314	305	Current investments	3 612	1 804
1 105	855	403	738	Cash at bank and in hand	1 508	1 593
(2 180)	(650)	(1 569)	(519)	Borrowings due within one year	(3 749)	(1 169)

<sup>a)</sup> In 1988 the basis of reporting disposals of tangible fixed assets in source and use of funds has been changed from proceeds of disposal to net book value, and such disposals have been separated from capital expenditure. Comparative figures for 1987 have been adjusted to the new basis.

References between brackets relate to the notes on pages 18 and 19.

# NOTES TO THE CONSOLIDATED ACCOUNTS

Fl. million

N.V.		PLC		Combined	
1988	1987	1988	1987	1988	1987
<b>(1) Turnover</b>					
Analysis by geographical areas:					
25 958	24 069	11 389	10 387	37 347	34 456
8 153	9 063	4 226	1 189	12 379	10 252
4 737	3 905	7 498	6 498	12 235	10 403
38 848	37 037	23 113	18 074	61 961	55 111
Analysis by operations:					
19 840	18 929	11 001	8 276	30 841	27 205
8 588	8 315	4 937	3 649	13 525	11 964
4 287	4 178	1 606	850	5 893	5 028
3 493	3 514	1 767	857	5 260	4 371
2 640	2 101	3 802	4 442	6 442	6 543
38 848	37 037	23 113	18 074	61 961	55 111
<b>(2) Operating costs</b>					
(22 863)	(21 742)	(15 157)	(12 315)	(38 020)	(34 057)
(8 466)	(8 445)	(3 761)	(2 566)	(12 227)	(11 011)
(4 089)	(3 672)	(2 139)	(1 799)	(6 228)	(5 471)
(35 418)	(33 859)	(21 057)	(16 680)	(56 475)	(50 539)
These comprise:					
(5 542)	(5 724)	(3 016)	(2 471)	(8 558)	(8 195)
(7)	(7)	(10)	(7)	(17)	(14)
(511)	(497)	(228)	(230)	(739)	(727)
(1 011)	(1 002)	(224)	(181)	(1 235)	(1 183)
(3)	(4)	(4)	(3)	(7)	(7)
(7 074)	(7 234)	(3 482)	(2 892)	(10 556)	(10 126)
(18 410)	(17 025)	(12 052)	(10 103)	(30 462)	(27 128)
(749)	(759)	(475)	(369)	(1 224)	(1 128)
(135)	(102)	(44)	(28)	(179)	(130)
(217)	(244)	(84)	(56)	(301)	(300)
(8)	(9)	(8)	(6)	(16)	(15)
(8 825)	(8 486)	(4 912)	(3 226)	(13 737)	(11 712)
(35 418)	(33 859)	(21 057)	(16 680)	(56 475)	(50 539)
Costs included above:					
(725)	(733)	(476)	(367)	(1 201)	(1 100)
(53)	(119)	(70)	(81)	(123)	(200)
191	138	65	75	256	213
<b>(3) Operating profit</b>					
Analysis by geographical areas:					
2 272	2 036	933	590	3 205	2 626
719	729	299	69	1 018	798
439	413	824	735	1 263	1 148
3 430	3 178	2 056	1 394	5 486	4 572
Analysis by operations:					
1 847	1 731	922	613	2 769	2 344
489	518	396	376	885	894
457	387	142	77	599	464
448	400	287	150	735	550
189	142	309	178	498	320
3 430	3 178	2 056	1 394	5 486	4 572

Fl. million

N.V.		PLC			Combined	
1988	1987	1988	1987		1988	1987
				<b>(4) Income from fixed investments</b>		
66	51	92	71	Share of associated companies' profit before taxation	158	122
21	16	5	14	Income from other investments	26	30
87	67	97	85		184	152
				<b>(5) Interest</b>		
(516)	(476)	(327)	(217)	Interest payable and similar charges	(843)	(693)
289	120	97	200	Interest receivable and similar income	386	320
16	(3)	33	69	Exchange differences	49	66
(211)	(359)	(197)	52		(408)	(307)
(365)	(323)	(278)	(170)	Interest payable on borrowings, the final repayment of which will be made within five years, amounted to	(643)	(493)
				<b>(6) Taxation on profit on ordinary activities</b>		
(1 357)	(1 171)	(673)	(557)	Parent and group companies	(2 030)	(1 728)
(24)	(17)	(40)	(32)	Associated companies	(64)	(49)
(1 381)	(1 188)	(713)	(589)		(2 094)	(1 777)
(10)	11	2	—	Of which adjustments previous years	(8)	11
				Deferred taxation has been included on a full provision basis, as explained on page 2, in respect of:		
(201)	(196)	(47)	(31)	Accelerated depreciation	(248)	(227)
113	54	30	12	Other	143	66
(88)	(142)	(17)	(19)		(105)	(161)
				On a SSAP 15 basis these amounts would be:		
(69)	18	(3)	28	Accelerated depreciation	(72)	46
(17)	(25)	(4)	2	Other	(21)	(23)
(86)	(7)	(7)	30		(93)	23
1 927	1 833	1 253	991	Profit on ordinary activities after taxation on a SSAP 15 basis would amount to	3 180	2 824
				The charge for PLC Parent and group companies comprises:		
		(428)	(393)	United Kingdom Corporation Tax at 35% (1987: 35%)		
		212	198	less: double tax relief		
		(457)	(361)	plus: non-United Kingdom taxes		
		(673)	(556)			
				The close company provisions of the United Kingdom Income and Corporation Taxes Act 1988 do not apply to PLC.		
				<b>(7) Extraordinary income</b>		
—	59	—	10	Extraordinary income	—	69
—	17	—	(4)	Tax thereon	—	13
—	76	—	6		—	82
				The results of 1984 contained an extraordinary provision to cover estimated losses less surpluses consequent on the decision to withdraw from certain activities. By 1987 the disposal programme had been substantially completed, with greater success than originally expected, and Fl. 82 million of the provision was released as extraordinary income in that year.		

# NOTES TO THE CONSOLIDATED ACCOUNTS

Fl. million

N.V.		PLC		Combined	
1988	1987	1988	1987	1988	1987
2 776	2 465	1 898	1 590		
6 445	5 428	4 047	3 386		
9 221	7 893	5 945	4 976		
410	369	253	178		
5	5	37	30		
22 761	20 349	14 993	12 784		
(10 659)	(9 679)	(6 604)	(5 417)		
12 102	10 670	8 389	7 367		
(464)	(390)	(261)	(249)		
1 616	1 416	954	839		
441	438	282	274		
<b>(8) Tangible assets</b> at cost less depreciation:					
Land and buildings <sup>a)</sup>					
Plant and machinery					
<b>4 674</b>					
<b>10 492</b>					
<b>15 166</b>					
<b>663</b>					
<b>42</b>					
<sup>a)</sup> includes: freehold land					
leasehold land –					
mainly long-term (50 years or over)					
On a current replacement cost basis tangible assets would have been:					
Gross					
Depreciation					
<b>37 754</b>					
<b>(17 263)</b>					
<b>20 491</b>					
<b>18 037</b>					
The depreciation charge in the profit and loss account would have been increased by					
<b>(725)</b>					
<b>(639)</b>					
At 31st December, capital expenditure authorised by the Boards and not spent amounted to					
<b>2 570</b>					
<b>2 255</b>					
Of these amounts, commitments had been entered into for					
<b>723</b>					
<b>712</b>					

Movements during 1988	Land and buildings			Plant and machinery			Total		
	N.V.	PLC	Combined	N.V.	PLC	Combined	N.V.	PLC	Combined
<b>Cost</b>									
1st January	3 561	2 049	<b>5 610</b>	10 397	5 706	<b>16 103</b>	13 958	7 755	<b>21 713</b>
Currency retranslation	169	169	<b>338</b>	386	496	<b>882</b>	555	665	<b>1 220</b>
Expenditure	276	220	<b>496</b>	1 543	972	<b>2 515</b>	1 819	1 192	<b>3 011</b>
Disposals	(98)	(82)	<b>(180)</b>	(534)	(367)	<b>(901)</b>	(632)	(449)	<b>(1 081)</b>
Purchase/sale of group companies	62	43	<b>105</b>	51	(10)	<b>41</b>	113	33	<b>146</b>
Other adjustments	7	4	<b>11</b>	(23)	2	<b>(21)</b>	(16)	6	<b>(10)</b>
31st December <sup>b)</sup>	3 977	2 403	<b>6 380</b>	11 820	6 799	<b>18 619</b>	15 797	9 202	<b>24 999</b>
<b>Depreciation</b>									
1st January	1 096	459	<b>1 555</b>	4 969	2 320	<b>7 289</b>	6 065	2 779	<b>8 844</b>
Currency retranslation	24	38	<b>62</b>	126	202	<b>328</b>	150	240	<b>390</b>
Disposals	(37)	(27)	<b>(64)</b>	(402)	(261)	<b>(663)</b>	(439)	(288)	<b>(727)</b>
Purchase/sale of group companies	30	3	<b>33</b>	4	53	<b>57</b>	34	56	<b>90</b>
Other adjustments	9	(21)	<b>(12)</b>	8	16	<b>24</b>	17	(5)	<b>12</b>
Charged to profit and loss account	79	53	<b>132</b>	670	422	<b>1 092</b>	749	475	<b>1 224</b>
31st December	1 201	505	<b>1 706</b>	5 375	2 752	<b>8 127</b>	6 576	3 257	<b>9 833</b>
<b>Net book value 31st December</b>	<b>2 776</b>	<b>1 898</b>	<b>4 674</b>	<b>6 445</b>	<b>4 047</b>	<b>10 492</b>	<b>9 221</b>	<b>5 945</b>	<b>15 166</b>
<sup>b)</sup> includes payments on account and assets in course of construction	150	121	<b>271</b>	581	402	<b>983</b>	731	523	<b>1 254</b>

Fl. million

N.V.		PLC		Combined	
1988	1987	1988	1987	1988	1987
123	111	191	174		
85	75	40	92		
250	237	62	45		
458	423	293	311		
10	8	159	143		
113	103	32	31		
123	111	191	174		
65	61	328	219		
111		174			
6		(8)			
15		8			
(11)		(11)			
42		51			
(40)		(23)			
123		191			
67	57	7	65		
18	18	33	27		
85	75	40	92		
225	165	30	141		
75		92			
—		19			
10		5			
—		(76)			
85		40			
20	18	7	6		
230	219	55	39		
250	237	62	45		
17	14	5	8		
237		45			
2		2			
79		25			
(68)		(10)			
250		62			

  

<b>(9) Fixed investments</b>					
Associated companies				314	285
Trade investments				125	167
Other investments and loans				312	282
				751	734
<b>Associated companies</b> at share of net asset value:					
Shares listed on a recognised stock exchange				169	151
Unlisted shares				145	134
				314	285
Market value of listed shares				393	280
Movements during the year:					
1st January				285	
Currency retranslation				(2)	
Additions				23	
Disposals				(22)	
Share of profit after taxation				93	
Dividends				(63)	
31st December				314	
<b>Trade investments</b> at cost less amounts written off:					
Shares listed on a recognised stock exchange				74	122
Unlisted shares				51	45
				125	167
Market value of listed shares				255	306
Movements during the year:					
1st January				167	
Currency retranslation				19	
Additions				15	
Disposals				(76)	
31st December				125	
<b>Other investments and loans</b>					
Securities listed on a recognised stock exchange				27	24
Unlisted securities and loans				285	258
				312	282
Market value of listed securities				22	22
Movements during the year:					
1st January				282	
Currency retranslation				4	
Additions				104	
Disposals and repayments				(78)	
31st December				312	

Fl. million

N.V.		PLC		Combined	
1988	1987	1988	1987	1988	1987
<b>(10) Stocks</b>					
2 516	2 093	1 766	1 485	Raw materials and consumables	4 282 3 578
258	235	245	214	Work in progress	503 449
2 841	2 457	1 899	1 766	Finished goods and goods for resale	4 740 4 223
5 615	4 785	3 910	3 465		9 525 8 250
<b>(11) Debtors</b>					
Amounts due within one year:					
4 362	3 571	2 429	2 158	Trade debtors	6 791 5 729
1 100	1 091	478	479	Other debtors	1 578 1 570
394	262	206	180	Prepayments and accrued income	600 442
5 856	4 924	3 113	2 817		8 969 7 741
251	239	36	65	Debtors due after one year	287 304
6 107	5 163	3 149	2 882	Total debtors	9 256 8 045
<b>(12) Current investments</b>					
2 732	1 179	256	159	Listed on a recognised stock exchange	2 988 1 338
566	320	58	146	Unlisted	624 466
3 298	1 499	314	305		3 612 1 804
<b>(13) Cash at bank and in hand</b>					
591	636	309	607	On call and in hand	900 1 243
514	219	94	131	Repayment notice required	608 350
1 105	855	403	738		1 508 1 593
<b>(14) Borrowings</b>					
1 432	806	1 118	410	Bank loans and overdrafts	2 550 1 216
2 901	1 790	1 609	1 109	Bonds and other loans	4 510 2 899
4 333	2 596	2 727	1 519		7 060 4 115
The repayments fall due as follows:					
2 180	650	1 569	519	Within 1 year <sup>a)</sup>	3 749 1 169
110	341	147	95	After 1 year but within 2 years	257 436
1 129	680	449	314	After 2 years but within 5 years	1 578 994
66	67	19	20	After 5 years: By instalments	85 87
848	858	543	571	Not by instalments	1 391 1 429
2 153	1 946	1 158	1 000		3 311 2 946
1 240	583	1 068	367	<sup>a)</sup> of which bank loans and overdrafts	2 308 950
Total amount due on borrowings repayable by instalments					
158	139	29	35	any of which are payable after 5 years	187 174
229	173	114	148	Secured borrowings – mainly bank loans and overdrafts	343 321
of which:					
144	145	84	132	Secured against tangible fixed assets	228 277
85	28	30	16	Secured against other assets	115 44

Fl. million

N.V.		PLC		Combined	
1988	1987	1988	1987	1988	1987
<b>(14) Borrowings (continued)</b>					
<b>Bonds and other loans</b>					
Unilever N.V.					
184	164	—	—	7¾% Notes 1993 (US\$) <sup>a)</sup>	184 164
199	—	—	—	5¾% Bonds 1995	199 —
203	—	—	—	3¾% Bonds 1995 (Swiss Frs.)	203 —
—	111	—	—	4½% Bonds 1984/91 (Swiss Frs.)	— 111
271	127	—	—	Other	271 127
857	402			Total Unilever N.V. (see also page 27)	857 402
Unilever PLC					
—	—	83	96	8% Unsecured loan notes 1985/92	83 96
—	—	199	183	8% Unsecured loan stock 1991/2006	199 183
—	—	116	103	12½% Note 1996 (US\$) <sup>b)</sup>	116 103
—	—	152	—	Commercial paper	152 —
—	—	76	75	Other	76 75
		626	457	Total Unilever PLC	626 457
Sterling equivalent in millions 173 (1987: 137) (see also page 30)					
Group companies:					
USA					
76	90	25	30	10½% Notes 1991	101 120
225	200	76	66	9¾% Notes 1992	301 266
119	—	40	—	9% Notes 1993	159 —
112	123	36	41	12% Notes 1993	148 164
127	—	43	—	13% Notes 1993 (Australian \$) <sup>c)</sup>	170 —
149	158	50	52	5½% Notes 1995 (Swiss Frs.) <sup>d)</sup>	199 210
74	112	24	37	10% Notes 1995	98 149
225	200	76	67	8¾% Notes 1998	301 267
427	—	142	—	Commercial paper	569 —
43	62	15	21	Unamortised premiums <sup>e)</sup>	58 83
196	208	64	70	Other	260 278
271	235	392	268	Other loans	663 503
2 044	1 388	983	652	Total group companies	3 027 2 040
2 901	1 790	1 609	1 109	Total bonds and other loans	4 510 2 899
940	67	501	152	of which repayable within one year	1 441 219
<sup>a)</sup> Swapped into floating rate guilders. <sup>b)</sup> Swapped into floating rate sterling. <sup>c)</sup> Swapped into floating rate US dollars. <sup>d)</sup> Swapped into fixed rate US dollars. <sup>e)</sup> These premiums arose in the USA, following the acquisition of Chesebrough-Pond's Inc. and the restatement of that company's long-term debt to market rates ruling at the date of acquisition. Such premiums are amortised by equal annual instalments over the period to redemption.					

Fl. million

N.V.		PLC		Combined	
1988	1987	1988	1987	1988	1987
<b>(15) Trade and other creditors</b>					
Amounts due within one year:					
3 823	3 060	2 127	1 899	5 950	4 959
431	408	218	155	649	563
1 679	1 686	850	676	2 529	2 362
890	924	709	601	1 599	1 525
490	412	272	232	762	644
1 134	1 033	390	456	1 524	1 489
8 447	7 523	4 566	4 019	13 013	11 542
Amounts due after one year:					
91	129	178	30	269	159
266	96	63	106	329	202
348	224	95	56	443	280
705	449	336	192	1 041	641
9 152	7 972	4 902	4 211	14 054	12 183
<b>(16) Pensions and similar obligations</b>					
Amounts due within one year					
187	164	66	81	253	245
2 745	2 524	581	595	3 326	3 119
2 932	2 688	647	676	3 579	3 364
Movements during the year:					
2 688		676		3 364	
—		50		50	
31		2		33	
421		111		532	
(217)		(48)		(265)	
9		(144)		(135)	
2 932		647		3 579	
<b>(17) Deferred taxation and other provisions</b>					
Deferred taxation on:					
1 630	1 294	1 073	991	2 703	2 285
262	270	19	13	281	283
(374)	(319)	(193)	(210)	(567)	(529)
(492)	(306)	(394)	(215)	(886)	(521)
1 026	939	505	579	1 531	1 518
—	—	(91)	(75)	(91)	(75)
350	351	408	394	758	745
1 376	1 290	822	898	2 198	2 188
Movements during the year:					
1 290		898		2 188	
54		71		125	
(36)		(79)		(115)	
153		90		243	
(85)		(158)		(243)	
1 376		822		2 198	
126	44	6	(4)	132	40
On a SSAP 15 basis provision for deferred taxation would be					
a) Advance Corporation Tax is available for offset against future United Kingdom Corporation Tax liabilities.					



Fl. million

N.V.		PLC		Combined	
1988	1987	1988	1987	1988	1987
265	265	18	17	283	282
640	640	476	474	1 116	1 114
905	905	494	491	1 399	1 396

**(18) Called up share capital**

Preferential share capital  
Ordinary share capital

Authorised		Nominal value per share	Number of shares issued	Issued and fully paid	
1988	1987			1988	1987
Fl. million				Fl. million	
75	75	Fl. 1 000	29 000	29	29
200	200	Fl. 1 000	161 060	161	161
75	75	Fl. 100	750 000	75	75
350	350			265	265
£ million				£ million	
0.2	0.2	£1	172 382	0.2	0.2
3.5	3.5	£1	3 502 564	3.5	3.5
1.2	1.2	£1	1 218 546	1.2	1.2
0.2	0.2	25p	998 304	0.2	0.2
5.1	5.1			5.1	5.1
Guilder equivalent in millions				18	17
Combined preferential share capital				283	282

**Preferential share capital**

Unilever N.V.  
7% Cumulative Preference  
6% Cumulative Preference  
4% Cumulative Preference

Unilever PLC

5% (now 3½% plus tax credit) First Cumulative Preference  
7% (now 4% plus tax credit) First Cumulative Preference  
8% (now 5% plus tax credit) Second Cumulative Preference  
20% (now 14% plus tax credit) Third Cumulative Preferred  
Ordinary

Guilder equivalent in millions

Combined preferential share capital

**Ordinary share capital**

Unilever N.V.  
Ordinary in Fl. 4 shares  
Ordinary in Fl. 1 000 shares numbered 1 to 2 400  
Internal holdings eliminated in consolidation (Fl. 1 000 shares)

Unilever PLC

Ordinary in 5p shares  
Deferred in £1 stock  
Internal holdings eliminated in consolidation (£1 stock)

Guilder equivalent in millions

Combined ordinary share capital

The 4% cumulative preference capital of N.V. is redeemable at par at the Company's option either wholly or in part.

In January, 1989 shareholder approval was obtained for PLC to redeem its preferential capital at a small overall premium. The capital had been redeemed by the date of these Accounts.

The increase in PLC ordinary shares is due to the issue of shares under the PLC 1985 Sharesave Scheme and the PLC 1985 Executive Share Option Schemes.

**(18) Called up share capital** (continued)

Under the arrangements for the variation of the Leverhulme Trust, shares in a group company have been issued which are convertible at the end of the year 2038 into a maximum of 51 875 000 ordinary shares of PLC.

Options granted to Directors and employees to acquire ordinary shares of N.V. and PLC and still outstanding at 31st December, 1988 were as follows:

	Number of shares	Option price per share	Date normally exercisable
N.V. Share Options	65 235	Fl. 70.24	1989-1995
Shares of Fl. 4	12 080	Fl. 80.30	1989-1995
	74 370	Fl. 84.60	1989-1996
	48 010	Fl. 104.70	1989-1997
	87 910	Fl. 103.10	1989-1997
	88 862	Fl. 113.60	1989-1993
	77 982	Fl. 114.90	1989-1993
	3 631	Fl. 114.20	1989-1993
PLC 1985 Executive Share Option Schemes	829 875	£2.275	1989-1994
Shares of 5p	2 382 015	£2.900	1989-1995
	51 000	£3.920	1989-1996
	1 342 710	£5.070	1990-1996
	890 404	£4.820	1991-1997
	806 514	£4.370	1991-1998
PLC 1985 Sharesave Scheme	7 474 715	£2.048	1990-1991
Shares of 5p	1 248 300	£2.722	1991-1992
	1 599 025	£5.290	1992-1993
	1 387 104	£3.910	1993-1994

**Internal holdings**

The ordinary shares numbered 1 to 2 400 (inclusive) in N.V. and deferred stock of PLC are held as to one half of each class by N.V. Elma – a group company of N.V. – and one half by United Holdings Limited – a group company of PLC. This capital is eliminated in consolidation. It carries the right to nominate persons for election as Directors at General Meetings of shareholders. A nominal dividend of ¼% was paid on the deferred stock of PLC. The above-mentioned group companies have waived their rights to dividends on their ordinary shares in N.V. The Directors of N.V. Elma are N.V. and PLC, who with Mr F.A. Maljers and Mr M.R. Angus are also Directors of United Holdings Limited.

At 31st December, 1988 a group company of N.V. held certificates (depository receipts) representing 466 599 (1987: 406 575) Fl. 4 ordinary shares of N.V. in connection with Unilever N.V. share options. The book value of these shares is eliminated in consolidation by deduction from profit retained and other reserves (see note (19) on page 18).

Fl. million

N.V.		PLC		Combined	
1988	1987	1988	1987	1988	1987
<b>(19) Profit retained and other reserves</b>					
Profit retained:					
3 289	3 172	2 320	2 094	5 609	5 266
2 398	1 763	2 321	1 857	4 719	3 620
42	44	108	90	150	134
Parent companies					
Group companies					
Associated companies					
5 729	4 979	4 749	4 041	10 478	9 020
Other reserves:					
Adjustment on translation of PLC's ordinary capital at £1 = Fl. 12					
—	—	(333)	(342)	(333)	(342)
Capital redemption reserve					
—	—	23	21	23	21
Book value of N.V. shares or certificates held by a group company in connection with N.V. share options					
(46)	(34)	—	—	(46)	(34)
5 683	4 945	4 439	3 720	10 122	8 665
<b>(20) Purchase/sale of group companies</b>					
(79)	(734)	23	15	(56)	(719)
—	(117)	83	—	83	(117)
(205)	1 392	(7)	46	(212)	1 438
109	1 209	3	10	112	1 219
(5)	(26)	(77)	(83)	(82)	(109)
(37)	2	(13)	(14)	(50)	(12)
Tangible assets					
Fixed investments					
Net current assets					
Creditors due after more than one year					
Provisions for liabilities and charges					
Outside interests					
(217)	1 726	12	(26)	(205)	1 700
(38)	39	118	67	80	106
—	(4 159)	—	—	—	(4 159)
(335)	(21)	(315)	(225)	(650)	(246)
Net assets acquired/sold					
Profit/loss on sale					
Goodwill written off: Chesebrough-Pond's Inc.					
Others					
(590)	(2 415)	(185)	(184)	(775)	(2 599)
(16)	(456)	55	34	39	(422)
—	546	—	—	—	546
Net liquid funds of companies purchased/sold					
Currency retranslation					
(606)	(2 325)	(130)	(150)	(736)	(2 475)
Movement in net liquid funds					
of which:					
(638)	(2 451)	(592)	(436)	(1 230)	(2 887)
32	126	462	286	494	412
Purchase of group companies					
Sale of group companies					

The 1987 figures in the above table include the effect of the acquisition of Chesebrough-Pond's Inc. and its subsidiaries. As legal ownership had been acquired on 30th December, 1986 the acquisition was accounted for in 1987 at opening exchange rates. The currency retranslation of Fl. 546 million identified in the table above represented the change in the use of funds when these were translated into guilders at closing exchange rates, under the convention applied in the preparation of the statement of source and use of funds on page 8.

Fl. million

N.V.		PLC		Combined	
1988	1987	1988	1987	1988	1987
<b>(21) PLC participation in Unilever United States, Inc.</b>					
—	676	—	(676)	—	—
—	33	—	(33)	—	—
—	205	—	(205)	—	—
—	(410)	—	410	—	—
—	(99)	—	99	—	—
—	(500)	—	500	—	—
—	(13)	—	13	—	—
—	(108)	—	108	—	—
—	1 592	—	(1 592)	—	—
—	1 484	—	(1 484)	—	—
—	(40)	—	40	—	—
—	1 444	—	(1 444)	—	—

The above table discloses the effect upon the N.V. and PLC Group balance sheets at 31st December, 1987 of PLC's subscription for a 25% interest in Unilever United States, Inc., accounted for on the basis of the principles of proportional consolidation (see page 4 under Group companies).

**The average number of employees during the year was:**  
(in thousands)

75	76	38	44	Europe	113	120
17	21	11	6	North America	28	27
48	49	106	105	Rest of the World	154	154
140	146	155	155		295	301

**Pensions**

7 131	6 594	9 472	8 035	The book value of the assets of the funds at 31st December amounted to	16 603	14 629
2 932	2 688	647	676	Provisions in the consolidated accounts to meet obligations under unfunded plans amounted to	3 579	3 364

Most employees are covered by pension plans sponsored by group companies or State authorities. Company pension plans are either externally funded or financed through book reserves. All are subject to regular actuarial review. Valuations are based on conservative financial assumptions and on actuarial valuation methods the aims of which are that current and future charges remain as a stable percentage of pensionable payroll. Funding levels are such that, in aggregate, accumulated plan assets and book reserves are sufficient to cover the aggregate of all pensions in course of payment at their existing levels and the value of deferred benefits, both vested and non-vested, in respect of service to date.

Fl. million

N.V.		PLC		Combined	
1988	1987	1988	1987	1988	1987
<p><b>Contingent liabilities</b> are not expected to give rise to any material loss. They include:</p>					
326	293	163	152	489	445
97	92	17	17	114	109
<p>Guarantees Bills discounted</p>					
<p>Guarantees given by the parent companies or by group companies relating to liabilities included in the consolidated accounts are not included above. A summary of guarantees given by each parent company is set out in the notes to the respective balance sheets on pages 27 and 31.</p>					
<p>Litigation against companies in the Group and other contingent liabilities are not considered to be material in the context of these accounts.</p>					
<p><b>Commitments</b> Long-term lease commitments, principally for operating leases, in respect of:</p>					
1 333	1 077	924	725	2 257	1 802
310	280	157	69	467	349
1 643	1 357	1 081	794	2 724	2 151
<p>Land and buildings Other tangible assets</p>					
<p>The commitments fall due as follows:</p>					
292	240	124	87	416	327
811	666	355	236	1 166	902
540	451	602	471	1 142	922
1 643	1 357	1 081	794	2 724	2 151
<p>Within 1 year After 1 year but within 5 years After 5 years</p>					
<p>Other commitments</p>					
493	478	205	349	698	827
230	241	78	238	308	479
<p>of which payable within one year</p>					
<p>Exposure on third-party fixed price contracts outstanding at 31st December, mainly for commodities, was:</p>					
574	475	554	508	1 128	983
99	38	59	78	158	116
<p>Purchase contracts Sale contracts</p>					
<p>The consolidated accounts do not anticipate the results of such contracts except that provision is made where a loss would be incurred if market prices at maturity were the same as those ruling at 31st December.</p>					
<p><b>Outside interests in group companies</b> Outside interests in group companies include Fl. 790 million (1987: Fl. 787 million) preference shares in a group company which Unilever has the right and, if called upon, the obligation to buy back after 1992 at this value.</p>					

	Fl. million		£ million	
	1988	1987	1988	1987
<b>Combined earnings per share</b>				
The calculation of earnings per share is based on the combined profit of the year on ordinary activities attributable to ordinary capital divided by the combined number of share units representing the combined issued ordinary capital of N.V. and PLC, after deducting the shares held by an N.V. group company. For the calculation of combined ordinary capital the rate of exchange £1 = Fl. 12 has been used, in accordance with the Equalisation Agreement.				
The calculations are therefore:				
Combined ordinary capital (see page 16)	1 116	1 114	93	93
Less: N.V. shares held by a group company of N.V. in connection with N.V. share options	(2)	(1)	—	—
	<u>1 114</u>	<u>1 113</u>	<u>93</u>	<u>93</u>
The combined number of share units is therefore 278 672 430 (1987: 278 248 170) of Fl. 4 or alternatively 1 857 816 203 (1987: 1 854 987 804) of 5p.				
Profit on ordinary activities attributable to shareholders	3 021	2 516	834	756
Less: preference dividends	(16)	(16)	(4)	(4)
Profit on ordinary activities attributable to ordinary capital	3 005	2 500	830	752
Divided by combined share units =	Fl. 10.78	Fl. 8.97	44.68p	40.54p
On a SSAP 15 basis the calculations would be:				
Profit on ordinary activities attributable to ordinary capital	3 016	2 661	834	801
Divided by combined share units =	Fl. 10.82	Fl. 9.56	44.89p	43.18p
The effects on combined earnings per share of (a) full conversion into PLC ordinary shares of the shares in a group company, exercisable in the year 2038 as described in note (18), and (b) the issue of ordinary shares under option, details of which are set out in note (18), are not material.				

**Profit and loss accounts – Parent companies**

As the accounts of Unilever N.V. have been included in the consolidated accounts its own profit and loss account on page 26 – in accordance with Dutch legislation – mentions only income from fixed investments after taxation as a separate item.

As the profit and loss account of Unilever PLC has been included in the consolidated accounts advantage has been taken of provisions in United Kingdom legislation which permit the omission of a profit and loss account from accompanying the company balance sheet on page 29.

as at 31st December, 1988

**Introduction**

The group and related companies listed are those which in the opinion of the Directors principally affect the amount of profit and assets shown in N.V.'s and PLC's consolidated accounts.

Full information as required by Article 379 of Book 2, Civil Code, in the Netherlands in respect of companies in which N.V., directly or indirectly, has a shareholding of 20% or more of the total issued capital has been filed with the Commercial Registry in Rotterdam.

Particulars of PLC group and related companies as required by the United Kingdom Companies Act 1985 will be annexed to the next Annual Return of PLC.

The main activities of the companies listed below are indicated according to the following key:

Holding companies	H
Margarine, other fats and oils, dairy products	M
Other foods	F
Detergents	D
Personal products	P
Speciality chemicals	C
Packaging	PP
Agribusiness	A
UAC Group	U
Others	O

Unless otherwise indicated the companies are incorporated and principally operate in the countries under which they are shown.

The letters N.V. or PLC after the name of each country indicate whether in the country concerned the shares in the companies listed are held directly or indirectly by N.V. or by PLC.

The percentage of equity directly or indirectly held is mentioned in the margin, except where it is 100%. Where the percentage of total issued capital directly or indirectly held differs from the percentage of equity directly or indirectly held, this is stated separately. All percentages are rounded down to the nearest whole number.

**Principal group companies**

**Europe**

%	
<b>Austria – N.V.</b>	
	Nordsee Ges.m.b.H. F
	Österreichische Unilever Ges.m.b.H. MFDP
	Unifrost Ges.m.b.H. F
<b>Belgium – N.V.</b>	
	Hartog N.V. F
	Iglo-Ola N.V. F
	Lever N.V. D
	Union N.V. M
<b>Denmark – N.V.</b>	
	Uni-Dan A/S MFDP
<b>Finland – N.V.</b>	
	Paasivaara Oy MF
	Suomen Unilever Oy DP
<b>France – N.V.</b>	
99	Astra-Calvé S.A. MF
99	CNF S.A. U
99	Compagnie des Glaces et Surgelés Alimentaires S.A. F
99	Française d'Alimentation et de Boissons S.A. F
99	Française de Soins et Parfums S.A. P
99	Lever S.A. D
99	Niger France S.A. U
99	4P Emballages France S.A. PP
99	Unilever Export France S.A. O
99	Unilever France S.A. H
<b>Germany – N.V.</b>	
	Deutsche Unilever G.m.b.H.
	(Percentage of total issued capital held – 75)
	Elida-Gibbs G.m.b.H. P
	Langnese-Iglo G.m.b.H. F
	Lever G.m.b.H. D
	Meistermarken-Werke G.m.b.H., Spezialfabrik für Back- und Grossküchenbedarf MF
	'Nordsee' Deutsche Hochseefischerei G.m.b.H. F
	4P Folie Forchheim G.m.b.H. PP
	4P Nicolaus Kempten G.m.b.H. PP
	4P Rube Göttingen G.m.b.H. PP
	4P Verpackungen Ronsberg G.m.b.H. PP
	Schafft Fleischwerke G.m.b.H. F
	'Unichema' Chemie G.m.b.H. C
	Union Deutsche Lebensmittelwerke G.m.b.H. MF
<b>Greece – N.V.</b>	
50	'Elais' Oleaginous Products A.E. MF
	Lever Hellas A.E.B.E. FDP
<b>Ireland – PLC</b>	
	H.B. Ice Cream Ltd. F
	Lever Brothers (Ireland) Ltd. D
	Paul and Vincent Ltd. A
	W. & C. McDonnell Ltd. MF

as at 31st December, 1988

Principal group companies (continued)

%	<b>Italy – N.V.</b>	
	3C Industriale S.p.A. (PLC 25%)	DP
	Lever Sodel S.p.A.	D
	Sagit S.p.A.	F
	Unil-It S.p.A.	MFDP
	<b>The Netherlands – N.V.</b>	
	Van den Bergh en Jurgens B.V.	MF
	Calvé Nederland B.V.	F
	Crosfield Chemie B.V.	C
	Elida Gibbs B.V.	P
	Exportslachterij Udema B.V.	F
	Iglo-Ola B.V.	F
	Lever B.V.	D
	Lever Industrial B.V.	D
	Loders Croklaan B.V.	M
	Lucas Aardenburg B.V.	F
99	Naarden International N.V.	H
	National Starch & Chemical B.V.	C
	Nederlandse Unilever Bedrijven B.V. (percentage of total issued capital held – 99)	H
	Quest International Nederland B.V.	C
	Unichema Chemie B.V.	C
	Unilever Export B.V.	O
	UniMills B.V.	M
	UVG Nederland B.V.	F
	Vinamul B.V.	C
	Zeeppabriek de Fenix B.V.	D
	<b>Portugal – N.V.</b>	
74	Iglo Indústrias de Gelados, Lda.	F
60	Indústrias Lever Portuguesa, Lda.	DP
	<b>Spain – N.V.</b>	
	Agra S.A.	M
99	Frigo S.A.	F
90	Industrias Revilla S.A.	F
	Lever España S.A.	D
	Pond's Española S.A. (PLC 25%)	P
	Unilever España S.A.	H
	<b>Sweden – N.V.</b>	
	Elida Robert Group AB	P
90	Glacé-Bolaget AB	F
	Lever AB	D
	Leverindus AB	D
55	Margarinbolaget AB (percentage of total issued capital held – 50)	M
	Novia Livsmedelsindustrier AB	F
	Svenska Unilever Förvaltnings AB	H
	<b>Switzerland – N.V.</b>	
95	'Astra', Fett- und Oelwerke A.G.	M
	Chesebrough-Pond's (Genève) S.A. (PLC 25%)	P
	Elida Cosmetic A.G.	P
	Lever A.G.	DP
	Meina Holding A.G.	H
	Sais	MF
	A. Sutter A.G.	D
	Unilever (Schweiz) A.G.	O
	<b>Turkey – N.V.</b>	
65	Unilever-Iş Ticaret ve Sanayi Türk Limited Şirketi	MFDP

%	<b>United Kingdom – PLC</b>	
	Batchelors Foods Ltd.	F
	Birds Eye Wall's Ltd.	F
	BOCM Silcock Ltd.	A
	Brooke Bond Foods Ltd.	F
	Chesebrough-Pond's Ltd.	P
	Joseph Crosfield & Sons Ltd.	C
	Elida Gibbs Ltd.	P
	Erith Oil Works Ltd.	M
	Lever Brothers Ltd.	D
	Lever Industrial Ltd.	D
	H. Leverton Ltd.	U
	Lipton Export Ltd.	F
	Lipton Tea Company Ltd.	F
	Loders Croklaan Ltd.	M
	Marine Harvest Ltd.	A
	Mattessons Wall's Ltd.	F
	Oxoid Ltd.	O
	Plant Breeding International Cambridge Ltd.	A
	Quest International (Fragrances, Flavours, Food Ingredients) UK Ltd.	C
	UAC Ltd.	U
	UAC International Ltd.	U
	UML Ltd.	O
	Unichema Chemicals Ltd.	C
	Unilever Export Ltd.	O
	Unilever U.K. Central Resources Ltd.	O
	United Agricultural Merchants Ltd.	A
	Van den Berghs and Jurgens Ltd.	M
	Vinamul Ltd.	C
	John West Foods Ltd.	F
	<b>North America</b>	
%	<b>Canada – PLC</b>	
	Chesebrough-Pond's (Canada) Inc.	P
	Lever Brothers Limited	D
	Thomas J. Lipton Inc.	MF
	A & W Food Services of Canada Ltd.	F
	Unilever Canada Limited	H
	<b>United States of America – N.V. (75%); PLC (25%)</b>	
	Chesebrough-Pond's Inc.	P
	Lawry's Foods, Inc.	F
	Lever Brothers Company	MFDP
	Thomas J. Lipton, Inc.	F
	National Starch and Chemical Corporation	C
	Prince Matchabelli, Inc.	P
	Ragú Foods, Inc.	F
	Sequoia-Turner Corporation	O
	Unilever Capital Corporation	O
	Unilever United States, Inc.	H



as at 31st December, 1988

**Principal group companies** (continued)

**Rest of the World**

Rest of the World		New Zealand – PLC	
%		%	
99	<b>Argentina – N.V.</b> Lever y Asociados s.a.c.i.f. MFDPC		Unilever New Zealand Ltd. FDPC
	<b>Australia – PLC</b> Unilever Australia Ltd. MFDPCO	99	<b>Niger – PLC</b> Niger-Afrique S.A. (N.V. 40%) U
61	<b>Bangladesh – PLC</b> Lever Brothers Bangladesh Ltd. FDPC	60	<b>Nigeria – PLC</b> Pamol (Nigeria) Ltd. A
99	<b>Brazil – N.V.</b> Indústrias Gessy Lever Ltda. MFDPC	66	<b>Pakistan – PLC</b> Lever Brothers Pakistan Ltd. MDPC
99	<b>Cameroun – PLC</b> R. W. King S.A. U		<b>Philippines – N.V.</b> Philippine Refining Company Inc. MFDPC
	<b>Chile – N.V.</b> Lever Chile S.A. (PLC 25%) MFDP	87	<b>Sierra Leone – PLC</b> UAC of Sierra Leone Ltd. U
60	<b>Colombia – N.V.</b> Compañía Colombiana de Grasas 'Cogra-Lever' S.A. MDP Plantaciones Unipalma de Los Llanos S.A. A		<b>Singapore – PLC</b> Lever Brothers Singapore Sdn. Bhd. MDP
90	<b>Côte d'Ivoire – PLC</b> Blohorn S.A. MDAPP	60	<b>Solomon Islands – PLC</b> Lever Solomons Ltd. A
99	CFCI S.A. U		<b>South Africa – PLC</b> Unilever South Africa (Pty.) Ltd. MFDPC
67	Uniwax S.A. U		<b>Sri Lanka – PLC</b> Lever Brothers (Ceylon) Ltd. MDPCA
98	<b>Gabon – PLC</b> Hatton et Cookson S.A. U	92	<b>Taiwan – N.V.</b> Formosa United Industrial Corporation Ltd. D
60	<b>Ghana – PLC</b> UAC of Ghana Ltd. U		<b>Tanzania – PLC</b> UAC of Tanzania Ltd. U
	<b>Hong Kong – N.V.</b> Lever Brothers (China) Ltd. MFDP	78	<b>Tchad – PLC</b> Brasseries du Logone S.A. U
51	<b>India – PLC</b> Hindustan Lever Ltd. MDPCA		<b>Thailand – N.V.</b> Lever Brothers (Thailand) Ltd. MFDPC
85	<b>Indonesia – N.V.</b> P.T. Unilever Indonesia MFDPC	50	<b>Trinidad – PLC</b> Lever Brothers West Indies Ltd. MFDPC
	<b>Japan – N.V.</b> Nippon Lever B.V. (Incorporated in the Netherlands) MFDP		<b>Uganda – PLC</b> Gailey & Roberts (Uganda) Ltd. U
88	<b>Kenya – PLC</b> Brooke Bond Kenya Ltd. AO	80	<b>Uruguay – N.V.</b> Sudy Lever S.A. D
54	East Africa Industries Ltd. MFDPC		<b>Venezuela – N.V.</b> Lever-Pond's S.A. FDP
	Gailey & Roberts Ltd. U		<b>Zaire – N.V.</b> Plantations Lever au Zaïre s.a.r.l. A Compagnie des Margarines, Savons et Cosmétiques au Zaïre s.a.r.l. MDPC
	<b>Malawi – PLC</b> Lever Brothers (Malawi) Ltd. MDPC	99	<b>– PLC</b> Sedec s.a.r.l. U
70	<b>Malaysia – PLC</b> Lever Brothers (Malaysia) Sdn. Bhd. MFDPC Pamol Plantations Sdn. Bhd. A		<b>Zimbabwe – PLC</b> Lever Brothers (Private) Ltd. MFDPC
94	<b>Mexico – N.V.</b> Anderson Clayton & Co. S.A. (PLC 24%) MFA Pond's de Mexico S.A. de C.V. (PLC 25%) P		
	<b>Netherlands Antilles – N.V.</b> Unilever Becumij N.V. O		

as at 31st December, 1988

Principal related companies

**Associated companies**

<b>Europe</b>		
%		
50	<b>Denmark – N.V.</b> Margarinefabrikken Alfa-Solo A/S	M
50	<b>Germany – N.V.</b> Fritz Homann Lebensmittelwerke G.m.b.H. & Co. K.G.	MF
40	<b>Portugal – N.V.</b> FIMA – Produtos Alimentares, Lda.	MF

**Rest of the World**

%		
50	<b>China – PLC</b> Shanghai Lever Ltd.	D
50	<b>Korea – N.V.</b> Aekyung Industrial Company Limited	DP
40	<b>Nigeria – PLC</b> Lever Brothers Nigeria Ltd.	MFDP
14	Nigerian Breweries Ltd.	U
40	UAC of Nigeria Ltd.	U
50	<b>El Salvador – N.V.</b> Industrias Unisola S.A.	MFDP
40	<b>Saudi Arabia – PLC</b> Binzagr Lever Ltd.	P

**Trade investments**

<b>Europe</b>		
%		
37	<b>The Netherlands – N.V.</b> Gamma Holding N.V. (percentage of total issued capital held – 35)	O

**Rest of the World**

%		
14	<b>Nigeria – PLC</b> Guinness Nigeria Ltd.	U

The balance sheet below includes the proposed profit appropriation.

Fl. million

	1988	1987
<b>Balance sheet</b> as at 31st December		
<b>Fixed assets</b>		
Fixed investments	1 925	1 946
<b>Current assets</b>		
Debtors	5 454	4 396
Current investments	1 022	545
Cash at bank and in hand	219	203
	<b>6 695</b>	<b>5 144</b>
Less: <b>Creditors due within one year</b>	<b>3 645</b>	<b>2 441</b>
<b>Net current assets</b>	<b>3 050</b>	<b>2 703</b>
<b>Total assets less current liabilities</b>	<b>4 975</b>	<b>4 649</b>
<b>Creditors due after more than one year</b>	<b>659</b>	<b>471</b>
<b>Provisions for liabilities and charges</b>	<b>116</b>	<b>85</b>
<b>Capital and reserves</b>		
Called up share capital:		
Preferential share capital (18)	265	265
Ordinary share capital (18)	642	642
	<b>907</b>	<b>907</b>
Share premium account	52	52
Profit retained and other reserves	3 241	3 134
	<b>4 200</b>	<b>4 093</b>
<b>Total capital employed</b>	<b>4 975</b>	<b>4 649</b>
<b>Profit and loss account</b> for the year ended 31st December		
Income from fixed investments after taxation	774	667
Other income and expense	45	26
<b>Profit of the year</b>	<b>819</b>	<b>693</b>

Pages 2, 4 to 25 and 27 contain the notes to the Unilever N.V. company accounts.

For the information as required by Article 392 of Book 2, Civil Code, reference is made to pages 3 and 28.

**The Board of Directors**  
20th March, 1989

References between brackets relate to a note on page 16.

Fl. million

	1988	1987
<b>Fixed investments</b>		
Associated companies	—	13
Shares in group companies	1 925	1 933
	<b>1 925</b>	<b>1 946</b>
<b>Shares in group companies</b>		
Shares in group companies are stated at cost. The cost of N.V. shares purchased and held by a group company has been deducted from this heading.		
Movements during the year:		
1st January	1 933	
Capital increase of a group company	15	
Transfer of shares from/(to) group companies	(13)	
N.V. shares held by a group company	(10)	
31st December	<b>1 925</b>	
<b>Debtors</b>		
Loans to group companies	1 290	1 379
Other amounts owed by group companies	3 331	1 641
Loans to PLC	718	1 254
Other debtors	115	122
	<b>5 454</b>	<b>4 396</b>
Of which due after one year	10	17
Loans to group companies and Loans to PLC have been reclassified from fixed investments.		
<b>Current investments</b>		
Listed stocks	1 022	545
Unlisted stocks	—	—
	<b>1 022</b>	<b>545</b>
The cost of current investments amounted to	995	524
<b>Cash at bank and in hand</b>		
includes items for which notice of repayment is required amounting to	206	100
<b>Creditors</b>		
Due within one year:		
Bank loans and overdrafts	27	28
Bonds and other loans (14)	198	24
Loans from group companies	947	924
Other amounts owed to group companies	1 889	940
Taxation and social security	56	51
Other creditors	13	30
Accruals and deferred income	21	34
Dividends	494	410
	<b>3 645</b>	<b>2 441</b>
Due after one year:		
Bonds and other loans (14)	659	378
Loans from group companies	—	93
	<b>659</b>	<b>471</b>
These include amounts due after five years:		
Bonds and other loans	402	226

	1988	1987
<b>Provisions for liabilities and charges</b>		
Unfunded pension provisions	108	97
Deferred taxation and other provisions	8	(12)
	<b>116</b>	<b>85</b>
Of which due within one year	26	19
<b>Ordinary share capital</b>		
Shares numbered 1 to 2 400 are held by a group company of Unilever N.V. and a group company of Unilever PLC. Additionally, 466 599 Fl. 4 ordinary shares are held by another group company. Full details are given in note (18) on page 17.		
<b>Share premium account</b>		
For the application of Article 44 of the Income Tax Act 1964 only a small part, if any, of the premium shown in the balance sheet is available for issue of tax free bonus shares.		
<b>Profit retained and other reserves</b>		
Profit retained 31st December	3 289	3 172
Cost of Unilever N.V. shares purchased and held by a group company	(48)	(38)
	<b>3 241</b>	<b>3 134</b>
Balance 31st December		
Profit retained and Profit of the year shown in this balance sheet and the notes thereto are less than the amounts shown under these headings in the consolidated balance sheet and profit and loss account, mainly because only part of the profits of the group companies is distributed in the form of dividend.		
<b>Contingent liabilities</b> are not expected to give rise to any material loss. They include:		
Guarantees given for group and other companies, under which amounts outstanding at 31st December were as follows:		
For N.V. group companies	3 354	2 070
For PLC and its group companies	255	—
For others	32	33
	<b>3 641</b>	<b>2 103</b>
Of the above, guaranteed also by Unilever PLC	1 936	905
References to (14) relate to a note on page 14.		

Fl. million

**The rules for profit appropriation in the Articles of Association** (summary of Article 41)

The profit of the financial year is applied first to the reserves required by law or by the Equalisation Agreement, secondly to the covering of losses of previous years, if any, and thirdly to the reserves deemed necessary by the Board of Directors. Dividends due to the holders of the Cumulative Preference Shares, including any arrears in such dividends, are then paid; if the profit is insufficient for this purpose, the amount available shall be distributed to them in proportion to the dividend percentages of their shares. Any profit remaining thereafter is at the disposal of the General Meeting. Distributions from this remaining profit are made to the holders of the ordinary shares pro rata to the nominal amounts of their holdings.

<b>Proposed profit appropriation</b>	<b>1988</b>	<b>1987</b>
Profit of the year	<b>819</b>	693
Preference dividends	(15)	(15)
Profit at disposal of the Annual General Meeting of shareholders	<b>804</b>	678
Proposed profit appropriation in accordance with Article 41 of the Articles of Association:		
Ordinary dividends	(687)	(579)
Profit of the year retained	<b>117</b>	99
Balance 1st January	<b>3 172</b>	3 073
Balance 31st December	<b>3 289</b>	3 172

**Special controlling rights under the Articles of Association**

See page 17.

# UNILEVER PLC COMPANY BALANCE SHEET

as at 31st December

£ million

	1988	1987
<b>Fixed assets</b>		
Fixed investments	1 508	1 561
<b>Current assets</b>		
Debtors	660	753
Current investments	41	66
Cash at bank and in hand	12	80
	713	899
Less: <b>Creditors due within one year</b>	632	1 002
<b>Net current assets</b>	81	(103)
<b>Total assets less current liabilities</b>	1 589	1 458
<b>Creditors due after more than one year</b>	853	746
<b>Provisions for liabilities and charges</b>	27	22
<b>Capital and reserves</b>		
Called up share capital:		
Preferential share capital (18)	5	5
Ordinary share capital (18)	40	40
	45	45
Share premium account	17	10
Capital redemption reserve (19)	6	6
Profit retained	641	629
	709	690
<b>Total capital employed</b>	1 589	1 458

**M. R. Angus**, Chairman  
**F. A. Maljers**, Vice-Chairman

20th March, 1989

References between brackets relate to the notes on pages 16 to 18.

£ million

	1988	1987		1988	1987
<b>Fixed investments</b>			<b>Current investments</b>		
Shares in group companies	563	591	Listed on a recognised stock exchange	41	45
Loans to group companies	455	503	Unlisted	—	21
Shares in related companies	490	467		41	66
	<b>1 508</b>	<b>1 561</b>			
<b>Shares in group companies</b>			The cost of listed current investments amounted to	38	38
Shares in group companies are stated at Directors' valuation made on the rearrangement of the Unilever Groups in 1937, with bonus shares at par and other additions at cost or valuation, less amounts written off.					
Movements during the year:			<b>Creditors</b>		
1st January	591		Due within one year:		
Additions	23		Loans from N.V.	200	378
Disposals	(51)		Bank loans and overdrafts	203	1
			Bonds and other loans (14)	65	29
31st December	563		Unpaid call on investment in Unilever United States, Inc.	—	445
			Other creditors	15	21
<b>Loans to group companies</b>			Amounts owed to group companies	22	38
Movements during the year:			Taxation and social security	52	20
1st January	503		Dividends	75	70
Additions	26			632	1 002
Repayments	(74)				
			Due after one year:		
31st December	455		Bonds and other loans (14)	108	108
			Amounts owed to group companies	745	636
<b>Shares in related companies</b> — at cost			Taxation	—	2
Listed on a recognised stock exchange	4	4		853	746
Unlisted	486	463			
	490	467	Bonds and other loans include amounts repayable after more than five years	108	108
Market value of listed shares	18	17			
			<b>Provisions for liabilities and charges</b>		
<b>Debtors</b>			Unfunded pension provisions	31	24
Due within one year:			Deferred taxation	(4)	(2)
Amounts owed by group companies	80	20		27	22
Loans to related companies	548	673	<b>Profit retained</b>		
Others	7	12	1st January	629	607
	635	705	Profit for financial year	119	118
			Ordinary and deferred dividends	(107)	(96)
Due after one year:				641	629
Advance Corporation Tax	25	48			
			Profit retained and profit of the year shown in the balance sheet and the notes thereto are less than the amounts shown under these headings in the consolidated balance sheet and profit and loss account, mainly because only part of the profits of the group companies is distributed in the form of dividend.		
Total debtors	660	753			
The Advance Corporation Tax borne by the parent company will be surrendered and set off against liabilities of the group companies where appropriate. The total of £ 25 million is recoverable against liabilities for 1989 and later years.					

References between brackets relate to a note on page 14.

£ million

	1988	1987
<b>Contingent liabilities</b> are not expected to give rise to any material loss. They include:		
Guarantees given for group and other companies, under which amounts outstanding at 31st December were as follows:		
For N.V. and its group companies	534	272
For PLC group companies	93	65
For others	5	3
	632	340
Of the above, guaranteed also by Unilever N.V.	534	272