

Unilever in 1985

ANNUAL ACCOUNTS



ENGLISH VERSION IN GULDERS

UNILEVER N.V. ANNUAL ACCOUNTS 1985 AND FURTHER INFORMATION

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Introduction

This booklet contains the Unilever N.V. Annual Accounts for 1985, 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 on the historical cost basis of Unilever N.V., and the consolidated accounts on the historical cost basis, together with supplementary current cost accounts, of the N.V. Group, the PLC Group and the combined N.V. and PLC Groups. Currency figures in the Unilever N.V. Annual Accounts 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 1985 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 1985, with figures expressed in guilders, is contained in a separate booklet entitled 'Unilever in 1985, Annual Report and Salient Figures' which is available in Dutch, and in English and German translations. 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 in 1985, Annual Report and Salient Figures' and 'Unilever in 1985, Annual Accounts' in the Dutch language, with figures expressed in guilders, together comprise the full Annual Report and Accounts and further statutory information, as drawn up by the Board of Directors of Unilever N.V. in accordance with Dutch legislation.

Copies of both 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.

REPORT OF THE AUDITORS

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 3 to 23 and 30 to 36, which have been prepared under the historical cost convention, 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, 1985 and of their profit and source and use of funds for the year then ended.

In our opinion the supplementary current cost accounts on pages 24 to 29, which have been prepared on a different basis for providing for deferred taxation from that adopted in the historical cost accounts, have been properly prepared in accordance with the policies and methods set out in the notes. In our opinion the summary of the effect on the current cost accounts of adopting a full provision for deferred taxation on page 29 has been properly prepared.

Price Waterhouse Nederland
The Hague

Coopers & Lybrand
London

Coopers & Lybrand Nederland
Rotterdam

Price Waterhouse
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

1st April, 1986

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.

ACCOUNTS – GENERAL INTRODUCTION

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 3 to 23 and 30 to 39 have been prepared under the historical cost convention and comply with Civil Code, Book 2 in the Netherlands and the United Kingdom Companies Act 1985.

As additional information current cost accounts are set out on pages 24 to 29.

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 the latter 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.

ACCOUNTS – ACCOUNTING POLICIES

Group companies

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.

The figures of all group companies are included in the consolidated accounts as at 31st December, except those of some group companies in Africa, which prepare their accounts to 30th September and are included on that basis.

Brooke Bond Group plc and its group companies were acquired by PLC on 10th October, 1984, the effective date of acquisition being taken as 30th September, 1984. The turnover and results of the Brooke Bond Group for the fourth quarter of 1984, together with the fourth quarter 1984 finance costs of the acquisition, were not taken up in the 1984 PLC consolidated accounts and are now included in the 1985 PLC consolidated profit and loss account.

A list of principal group companies is given on pages 30 to 33.

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 33.

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. The amounts involved are shown in notes (5) and (6) on page 10.

In preparing the consolidated accounts of N.V. in guilders and of PLC in sterling, profit and loss accounts for the year and assets and liabilities at the year-end are translated at year-end rates of exchange. The effect of exchange rate changes during the year on the assets and liabilities at the beginning of the year is recorded as a movement in profit retained.

In arriving at the combined figures in guilders or sterling, the figures for N.V. in guilders or PLC in sterling are translated at the year-end sterling/guilder exchange rate, except for the ordinary capital of N.V. or PLC, which is translated at the Equalisation Agreement rate of £1 = Fl. 12. The effect of restating the assets and liabilities of N.V. or PLC at the beginning of the year at the year-end sterling/guilder exchange rate is described as sterling/guilder realignment and is shown 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 (or life of lease if less than 33 years)	33–40 years
Plant and equipment	5–20 years
Motor vehicles	3–6 years
Ships	10–20 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.

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.

ACCOUNTS - ACCOUNTING POLICIES

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 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 provisions which would be released if SSAP 15 were applied are given for information in notes (7) and (18) on pages 10 and 18.

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, amounting to under 7% of turnover. 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.

CONSOLIDATED PROFIT AND LOSS ACCOUNTS

for the year ended 31st December

Fl. million

Combined			N.V.		PLC	
1984	1985		1984	1985	1984	1985
66 791	66 771	Turnover (1)	42 592	40 790	24 199	25 981
(45 550)	(45 783)	Cost of sales (2)	(28 220)	(27 059)	(17 330)	(18 724)
21 241	20 988	Gross profit	14 372	13 731	6 869	7 257
(10 496)	(10 770)	Distribution and selling costs (2)	(7 778)	(7 665)	(2 718)	(3 105)
(7 022)	(6 568)	Administrative expenses (2)	(4 221)	(3 998)	(2 801)	(2 570)
118	147	Other operating income	56	54	62	93
3 841	3 797	Operating profit (3)	2 429	2 122	1 412	1 675
292	302	Income from fixed investments (4)	46	36	246	266
459	494	Other interest receivable and similar income (5)	286	348	173	146
(769)	(779)	Interest payable and similar charges (6)	(554)	(540)	(215)	(239)
(18)	17	Financial items	(222)	(156)	204	173
3 823	3 814	Profit on ordinary activities before taxation	2 207	1 966	1 616	1 848
(1 605)	(1 591)	Taxation on profit on ordinary activities (7)	(906)	(862)	(699)	(729)
2 218	2 223	Profit on ordinary activities after taxation	1 301	1 104	917	1 119
(140)	(159)	Outside interests in group companies	(83)	(80)	(57)	(79)
2 078	2 064	Profit on ordinary activities attributable to shareholders	1 218	1 024	860	1 040
(108)	-	Extraordinary items (8)	(75)	-	(33)	-
1 970	2 064	Profit after extraordinary items attributable to shareholders	1 143	1 024	827	1 040
(16)	(16)	Preference dividends	(15)	(15)	(1)	(1)
(684)	(718)	Dividends on ordinary capital	(452)	(474)	(232)	(244)
1 270	1 330	Profit of the year retained	676	535	594	795
1 270	1 330	Movements in profit retained	676	535	594	795
(973)	(152)	Profit of the year retained	(154)	(132)	(819)	(20)
315	(1 526)	Goodwill	289	(743)	26	(783)
(514)	(209)	Effect of exchange rate changes	-	-	(514)	(209)
98	(557)	Sterling/guilder realignment	811	(340)	(713)	(217)
12 810	12 908	Net movements during year	5 469	6 280	7 341	6 628
12 908	12 351	Profit retained - 1st January	6 280	5 940	6 628	6 411
12 908	12 351	Profit retained - 31st December (20)				
1984	1985	Combined earnings per share				
		(for details of calculation see page 23)				
Fl. 37.01	Fl. 36.79	Guilders per Fl. 20 of ordinary capital				
134.33p	137.96p	Pence per 25p of ordinary capital				
Fl. 38.84	Fl. 39.05	On a SSAP15 basis the figures would be:				
141.06p	146.31p	Guilders per Fl. 20 of ordinary capital				
		Pence per 25p of ordinary capital				

References between brackets relate to notes on pages 9 to 11 and 21.

CONSOLIDATED BALANCE SHEETS

as at 31st December

Fl. million

Combined			N.V.		PLC	
1984	1985		1984	1985	1984	1985
12 915	12 162	Fixed assets				
1 626	1 246	Tangible assets (9)	7 279	7 305	5 636	4 857
		Fixed investments (10)	566	498	1 060	748
14 541	13 408		7 845	7 803	6 696	5 605
11 501	9 744	Current assets				
9 359	8 259	Stocks (11)	6 197	5 679	5 304	4 065
1 856	3 492	Debtors (12)	5 423	5 229	3 936	3 030
2 752	2 398	Current investments (13)	1 365	1 840	491	1 652
		Cash at bank and in hand (14)	1 517	1 664	1 235	734
25 468	23 893		14 502	14 412	10 966	9 481
		Less:				
4 285	3 919	Creditors due within one year				
10 155	9 404	Borrowings (15)	1 884	3 063	2 401	856
1 048	1 020	Trade and other creditors (16)	6 037	6 139	4 118	3 265
480	502	Taxation on profits	515	575	533	445
		Dividends	306	330	174	172
9 500	9 048	Net current assets	5 760	4 305	3 740	4 743
24 041	22 456	Total assets less current liabilities	13 605	12 108	10 436	10 348
3 274	2 587	Creditors due after more than one year				
189	228	Borrowings (15)	2 330	2 125	944	462
247	191	Trade and other creditors (16)	134	161	55	67
		Taxation on profits	70	82	177	109
2 930	2 978	Provisions for liabilities and charges				
2 551	2 258	Pensions and similar obligations (17)	2 175	2 331	755	647
		Deferred taxation and other provisions (18)	1 248	1 258	1 303	1 000
		Inter-group N.V./PLC	55	(1 085)	(55)	1 085
738	684	Outside interests in group companies	356	356	382	328
1 400	1 399	Capital and reserves				
89	87	Called up share capital (19)	905	905	495	494
12 623	12 044	Share premium account	52	52	37	35
		Profit retained and other reserves (20)	6 280	5 923	6 343	6 121
14 112	13 530		7 237	6 880	6 875	6 650
24 041	22 456	Total capital employed	13 605	12 108	10 436	10 348

1st April, 1986

References between brackets relate to notes on pages 11 to 21.

CONSOLIDATED SOURCE AND USE OF FUNDS

for the year ended 31st December

Fl. million

Combined			N.V.		PLC	
1984	1985		1984	1985	1984	1985
		Funds generated from operations				
3 823	3 814	Profit on ordinary activities before taxation	2 207	1 966	1 616	1 848
		Elimination of items not involving a flow of funds:				
1 395	1 385	Depreciation	871	837	524	548
641	671	Unfunded pension provisions	466	496	175	175
(186)	(130)	Share of associated companies' profit before taxation, less dividends received	(11)	(7)	(175)	(123)
(85)	(138)	Others	(17)	15	(68)	(153)
5 588	5 602		3 516	3 307	2 072	2 295
		Funds from other sources				
107	(473)	Increase/decrease in borrowings due after more than one year	143	(60)	(36)	(413)
5 695	5 129	Total sources	3 659	3 247	2 036	1 882
(1 198)	(1 406)	Taxation payments during the year	(708)	(759)	(490)	(647)
(2 101)	(2 363)	Capital expenditure less disposals	(1 353)	(1 500)	(748)	(863)
(2 340)	402	Purchase/sale of group companies (21)	(434)	(264)	(1 906)	666
(7)	57	Purchase/sale of fixed investments	(1)	4	(6)	53
		Increase/decrease in:				
(1 403)	(27)	Stocks	(869)	(118)	(534)	91
(350)	(476)	Debtors	(567)	(435)	217	(41)
1 094	891	Trade and other creditors	731	749	363	142
(641)	(690)	Dividends paid during the year	(440)	(464)	(201)	(226)
-	-	Inter-group N.V./PLC	(10)	(1 139)	10	1 139
(361)	(518)	Other uses	(225)	(312)	(136)	(206)
(7 307)	(4 130)	Total uses	(3 876)	(4 238)	(3 431)	108
(1 612)	999	Net increase/decrease in net liquid funds	(217)	(991)	(1 395)	1 990
2 112	323	Net liquid funds 1st January	1 259	998	853	(675)
(117)	628	Effect of exchange rate changes	(44)	434	(73)	194
(60)	21	Sterling/guilder realignment	-	-	(60)	21
1 935	972	Revised opening funds	1 215	1 432	720	(460)
(1 612)	999	Net increase/decrease in net liquid funds	(217)	(991)	(1 395)	1 990
323	1 971	Net liquid funds 31st December	998	441	(675)	1 530
		of which:				
1 856	3 492	Current investments	1 365	1 840	491	1 652
2 752	2 398	Cash at bank and in hand	1 517	1 664	1 235	734
(4 285)	(3 919)	Borrowings due within one year	(1 884)	(3 063)	(2 401)	(856)

The figures in the above statement are derived from movements between opening and closing balance sheet totals. Adjustments are, however, made to these movements to remove the effect of exchange rate changes (page 6), sterling/guilder realignment (page 6) and the purchase/sale of group companies (note (21) on page 21).

Reference between brackets relates to note on page 21.

NOTES TO THE CONSOLIDATED ACCOUNTS

Fl. million

Combined		N.V.		PLC	
1984	1985	1984	1985	1984	1985
(1) Turnover					
Analysis by geographical areas:					
40 544	42 381	27 076	27 055	13 468	15 326
12 838	11 553	11 294	9 662	1 544	1 891
13 409	12 837	4 222	4 073	9 187	8 764
66 791	66 771	42 592	40 790	24 199	25 981
Analysis by operations:					
33 507	33 930	23 600	22 901	9 907	11 029
17 371	16 242	11 697	11 143	5 674	5 099
4 998	4 785	4 046	3 864	952	921
10 915	11 814	3 249	2 882	7 666	8 932
66 791	66 771	42 592	40 790	24 199	25 981
(2) Costs					
(45 550)	(45 783)	(28 220)	(27 059)	(17 330)	(18 724)
(10 496)	(10 770)	(7 778)	(7 665)	(2 718)	(3 105)
(7 022)	(6 568)	(4 221)	(3 998)	(2 801)	(2 570)
(63 068)	(63 121)	(40 219)	(38 722)	(22 849)	(24 399)
These comprise:					
(9 373)	(9 180)	(6 001)	(5 852)	(3 372)	(3 328)
(13)	(12)	(7)	(6)	(6)	(6)
(1 027)	(950)	(660)	(606)	(367)	(344)
(458)	(445)	(346)	(351)	(112)	(94)
(824)	(825)	(693)	(674)	(131)	(151)
(6)	(6)	(3)	(3)	(3)	(3)
(11 701)	(11 418)	(7 710)	(7 492)	(3 991)	(3 926)
(37 182)	(37 312)	(22 870)	(21 765)	(14 312)	(15 547)
(1 395)	(1 385)	(871)	(837)	(524)	(548)
(112)	(123)	(72)	(73)	(40)	(50)
(276)	(299)	(204)	(208)	(72)	(91)
(25)	(28)	(14)	(14)	(11)	(14)
(249)	(137)	(129)	(144)	(120)	7
(12 128)	(12 419)	(8 349)	(8 189)	(3 779)	(4 230)
(63 068)	(63 121)	(40 219)	(38 722)	(22 849)	(24 399)
(3) Operating profit					
Analysis by geographical areas:					
1 707	2 083	1 205	1 381	502	702
784	432	765	395	19	37
1 350	1 282	459	346	891	936
3 841	3 797	2 429	2 122	1 412	1 675
Analysis by operations:					
2 001	1 958	1 340	1 331	661	627
1 030	699	539	229	491	470
533	508	440	385	93	123
277	632	110	177	167	455
3 841	3 797	2 429	2 122	1 412	1 675

NOTES TO THE CONSOLIDATED ACCOUNTS

Fl. million

Combined			N.V.		PLC	
1984	1985		1984	1985	1984	1985
		(4) Income from fixed investments				
257	230	Share of associated companies' profit before taxation	23	21	234	209
		Income from trade investments:				
5	47	Listed shares	–	3	5	44
11	13	Unlisted shares	5	2	6	11
		Income from other investments:				
14	9	Unlisted	14	7	–	2
5	3	Interest on loans	4	3	1	–
292	302		46	36	246	266
		Income from trade investments – listed shares includes a Fl. 40 million profit on the sale of a trade investment.				
		(5) Other interest receivable and similar income				
467	473	Interest receivable	297	326	170	147
(8)	21	Exchange differences	(11)	22	3	(1)
459	494		286	348	173	146
		(6) Interest payable and similar charges				
(629)	(629)	Interest on borrowings	(453)	(388)	(176)	(241)
(108)	(127)	Other interest payable	(97)	(113)	(11)	(14)
(32)	(23)	Exchange differences	(4)	(39)	(28)	16
(769)	(779)		(554)	(540)	(215)	(239)
(420)	(386)	Interest on borrowings, the final repayment of which will be made within five years, amounted to	(314)	(277)	(106)	(109)
		(7) Taxation on profit on ordinary activities				
		Current year:				
(1 589)	(1 469)	Parent and group companies	(953)	(852)	(636)	(617)
(121)	(110)	Associated companies	(11)	(10)	(110)	(100)
(1 710)	(1 579)		(964)	(862)	(746)	(717)
		Adjustments previous years:				
105	12	Parent and group companies	58	–	47	12
–	(24)	Associated companies	–	–	–	(24)
105	(12)		58	–	47	(12)
(1 605)	(1 591)		(906)	(862)	(699)	(729)
		Full provision has been charged for deferred taxation, as explained on page 3, in respect of:				
(186)	(104)	Accelerated depreciation	(103)	(115)	(83)	11
(118)	75	Stock reliefs	(129)	75	11	–
68	48	Unfunded pension and other provisions	12	77	56	(29)
(236)	19		(220)	37	(16)	(18)
		On a SSAP 15 basis this charge would be adjusted by:				
99	146	Accelerated depreciation	87	142	12	4
17	(12)	Other	30	(49)	(13)	37
116	134		117	93	(1)	41
2 334	2 357	Profit on ordinary activities after taxation on a SSAP 15 basis would amount to	1 418	1 197	916	1 160

NOTES TO THE CONSOLIDATED ACCOUNTS

Fl. million

Combined		N.V.		PLC	
1984	1985	1984	1985	1984	1985
Taxation on profit on ordinary activities (continued)					
The charge for PLC Parent and group companies comprises:					
United Kingdom Corporation Tax at 41 $\frac{1}{4}$ % (1984: 46 $\frac{1}{4}$ %)				(428)	(459)
less: double tax relief				224	260
plus: non United Kingdom taxes				(432)	(418)
				(636)	(617)
The close company provisions of the United Kingdom Income and Corporation Taxes Act 1970 do not apply to PLC.					
(8) Extraordinary items					
(533)	–	Extraordinary charge	(224)	–	(309)
177	–	Tax relief thereon	149	–	28
248	–	Deferred taxation adjustment	–	–	248
(108)	–		(75)	–	(33)
The extraordinary charge in 1984 comprised losses arising, and provisions for estimated losses less surpluses, consequent on the decision to withdraw from certain activities.					
The deferred taxation adjustment in 1984 followed the reductions in rates of corporation tax legislated in the United Kingdom Finance Act 1984.					
(9) Tangible assets at cost less depreciation					
Land and buildings:					
3 821	3 512	– freehold	2 285	2 255	1 536
293	243	– leasehold – long-term (50 years or over)	5	17	288
239	161	– leasehold – short-term	112	84	127
4 353	3 916	Total land and buildings	2 402	2 356	1 951
7 419	7 310	Plant and machinery	4 140	4 369	3 279
1 143	936	Payments on account and assets in course of construction	737	580	406
12 915	12 162		7 279	7 305	5 636
2 247	1 784	At 31st December, capital expenditure authorised by the Boards and not spent amounted to	1 419	1 089	828
784	530	Of these amounts commitments had been entered into for	485	299	299

NOTES TO THE CONSOLIDATED ACCOUNTS

Fl. million

	Cost			Depreciation			Net		
	Combined	N.V.	PLC	Combined	N.V.	PLC	Combined	N.V.	PLC
Tangible assets (continued)									
Movements during the year:									
Land and buildings									
1st January	6 133	3 618	2 515	1 780	1 216	564	4 353	2 402	1 951
Exchange rate changes	(635)	(371)	(264)	(162)	(100)	(62)	(473)	(271)	(202)
Sterling/guilder realignment	(79)	—	(79)	(18)	—	(18)	(61)	—	(61)
Expenditure	199	108	91	—	—	—	199	108	91
Disposals	(181)	(64)	(117)	(51)	(30)	(21)	(130)	(34)	(96)
Purchase/sale of group companies	(134)	115	(249)	(31)	3	(34)	(103)	112	(215)
Other adjustments	304	147	157	27	20	7	277	127	150
Charged to profit and loss account	—	—	—	146	88	58	(146)	(88)	(58)
31st December	5 607	3 553	2 054	1 691	1 197	494	3 916	2 356	1 560
Plant and machinery									
1st January	16 012	9 840	6 172	8 593	5 700	2 893	7 419	4 140	3 279
Exchange rate changes	(1 395)	(843)	(552)	(646)	(379)	(267)	(749)	(464)	(285)
Sterling/guilder realignment	(194)	—	(194)	(91)	—	(91)	(103)	—	(103)
Expenditure	1 420	874	546	—	—	—	1 420	874	546
Disposals	(840)	(519)	(321)	(683)	(427)	(256)	(157)	(92)	(65)
Purchase/sale of group companies	(194)	177	(371)	(130)	51	(181)	(64)	126	(190)
Other adjustments	804	531	273	21	(3)	24	783	534	249
Charged to profit and loss account	—	—	—	1 239	749	490	(1 239)	(749)	(490)
31st December	15 613	10 060	5 553	8 303	5 691	2 612	7 310	4 369	2 941
Payments on account and assets in course of construction									
1st January	1 143	737	406	—	—	—	1 143	737	406
Exchange rate changes	(167)	(126)	(41)	—	—	—	(167)	(126)	(41)
Sterling/guilder realignment	(13)	—	(13)	—	—	—	(13)	—	(13)
Expenditure	1 034	644	390	—	—	—	1 034	644	390
Disposals	(3)	—	(3)	—	—	—	(3)	—	(3)
Purchase/sale of group companies	(2)	—	(2)	—	—	—	(2)	—	(2)
Other adjustments	(1 056)	(675)	(381)	—	—	—	(1 056)	(675)	(381)
31st December	936	580	356	—	—	—	936	580	356
Total									
1st January	23 288	14 195	9 093	10 373	6 916	3 457	12 915	7 279	5 636
Exchange rate changes	(2 197)	(1 340)	(857)	(808)	(479)	(329)	(1 389)	(861)	(528)
Sterling/guilder realignment	(286)	—	(286)	(109)	—	(109)	(177)	—	(177)
Expenditure	2 653	1 626	1 027	—	—	—	2 653	1 626	1 027
Disposals	(1 024)	(583)	(441)	(734)	(457)	(277)	(290)	(126)	(164)
Purchase/sale of group companies	(330)	292	(622)	(161)	54	(215)	(169)	238	(407)
Other adjustments	52	3	49	48	17	31	4	(14)	18
Charged to profit and loss account	—	—	—	1 385	837	548	(1 385)	(837)	(548)
31st December	22 156	14 193	7 963	9 994	6 888	3 106	12 162	7 305	4 857

NOTES TO THE CONSOLIDATED ACCOUNTS

Fl. million

Combined		N.V.		PLC	
1984	1985	1984	1985	1984	1985
(10) Fixed investments					
1 083	710	82	82	1 001	628
90	153	59	68	31	85
45	51	39	39	6	12
225	145	219	137	6	8
183	187	167	172	16	15
1 626	1 246	566	498	1 060	748
Associated companies at net asset value					
861	593	—	—	861	593
222	117	82	82	140	35
1 083	710	82	82	1 001	628
717	685	—	—	717	685
Market value of listed shares					
Movements during the year:					
1 083			82		1 001
(190)			(14)		(176)
(32)			—		(32)
51			27		24
96			12		84
(100)			(14)		(86)
(70)			—		(70)
(128)			(11)		(117)
710			82		628
Trade investments at cost less amounts written off					
46	101	31	33	15	68
44	52	28	35	16	17
90	153	59	68	31	85
114	222	46	147	68	75
Market value of listed shares					
Movements during the year:					
90			59		31
(36)			(1)		(35)
(1)			—		(1)
27			27		—
(42)			(17)		(25)
115			—		115
153			68		85
Loans to related companies					
Movements during the year:					
45			39		6
(5)			(5)		—
26			18		8
(15)			(13)		(2)
51			39		12

NOTES TO THE CONSOLIDATED ACCOUNTS

Fl. million

Combined		N.V.		PLC	
1984	1985	1984	1985	1984	1985
Fixed investments (continued)					
Other investments					
Unlisted, including Fl. 60 million (1984: Fl. 103 million) securities held for redemption of preference shares of National Starch and Chemical Holding Corporation					
225	145	219	137	6	8
Movements during the year:					
225			219		6
(54)			(53)		(1)
–			–		–
15			11		4
(41)			(40)		(1)
	145		137		8
Other loans					
Movements during the year:					
183			167		16
(8)			(6)		(2)
–			–		–
70			61		9
(58)			(50)		(8)
	187		172		15
(11) Stocks					
5 182	4 378	2 947	2 561	2 235	1 817
587	524	336	312	251	212
5 732	4 842	2 914	2 806	2 818	2 036
11 501	9 744	6 197	5 679	5 304	4 065
(12) Debtors					
Amounts due within one year:					
6 869	6 037	4 076	3 781	2 793	2 256
286	80	20	31	266	49
1 458	1 372	908	927	550	445
478	520	247	314	231	206
9 091	8 009	5 251	5 053	3 840	2 956
Amounts due after one year:					
11	17	2	5	9	12
220	216	139	158	81	58
37	17	31	13	6	4
268	250	172	176	96	74
9 359	8 259	5 423	5 229	3 936	3 030
(13) Current investments					
1 241	2 317	777	1 151	464	1 166
615	1 175	588	689	27	486
1 856	3 492	1 365	1 840	491	1 652
1 755	3 299	1 300	1 678	455	1 621
The cost of current investments amounted to					
Listed investments of PLC include those listed on The United Kingdom Stock Exchange amounting to					
				458	613

NOTES TO THE CONSOLIDATED ACCOUNTS

Fl. million

Combined			N.V.		PLC	
1984	1985		1984	1985	1984	1985
		(14) Cash at bank and in hand				
989	1 356	On call	591	912	398	444
1 763	1 042	Repayment notice required	926	752	837	290
2 752	2 398		1 517	1 664	1 235	734
		(15) Borrowings				
3 426	4 430	Debenture and similar loans	2 452	3 768	974	662
4 133	2 076	Bank loans and overdrafts	1 762	1 420	2 371	656
7 559	6 506		4 214	5 188	3 345	1 318
		The repayments fall due as follows:				
4 285	3 919	Within 1 year	1 884	3 063	2 401	856
486	417	After 1 year but within 2 years	288	339	198	78
1 474	697	After 2 years but within 5 years	1 157	631	317	66
775	992	After 5 years but within 10 years	650	966	125	26
232	185	After 10 years but within 20 years	223	177	9	8
307	296	After 20 years	12	12	295	284
3 274	2 587		2 330	2 125	944	462
		Amounts repayable after 5 years				
		Repayable by instalments:				
548	388	Debenture and similar loans	514	375	34	13
95	53	Bank loans and overdrafts	92	51	3	2
643	441		606	426	37	15
		Not repayable by instalments:				
587	1 019	Debenture and similar loans	268	719	319	300
84	13	Bank loans and overdrafts	11	10	73	3
671	1 032		279	729	392	303
1 314	1 473		885	1 155	429	318
		Total amount due on borrowings repayable by instalments any of which are payable after 5 years:				
1 068	613	Debenture and similar loans	1 007	576	61	37
295	162	Bank loans and overdrafts	286	152	9	10
1 363	775		1 293	728	70	47
		Secured amounts are:				
179	67	Debenture and similar loans	62	41	117	26
526	460	Bank loans and overdrafts	248	285	278	175
705	527		310	326	395	201
		of which:				
429	340	Secured against tangible assets	176	169	253	171
276	187	Secured against other assets	134	157	142	30
705	527		310	326	395	201

NOTES TO THE CONSOLIDATED ACCOUNTS

Fl. million

Combined			N.V.		PLC	
1984	1985		1984	1985	1984	1985
Borrowings (continued)						
Debenture and similar loans						
Unilever N.V.						
105	90	6% Bonds 1972/91	105	90	-	-
25	-	8 ³ / ₄ % Bonds 1981/85	25	-	-	-
356	276	9 ¹ / ₄ % Bonds 1987 (US \$)	356	276	-	-
356	257	9 ³ / ₄ % Bonds 1986/90 (US \$)	356	257	-	-
129	120	4 ¹ / ₂ % Bonds 1984/91 (Swiss Frs.)	129	120	-	-
137	134	6 ³ / ₄ % Bonds 1991 (Swiss Frs.)	137	134	-	-
137	134	7 ¹ / ₂ % Bonds 1993 (Swiss Frs.)	137	134	-	-
-	7	Other	-	7	-	-
1 245	1 018	Total Unilever N.V. (see also page 35)	1 245	1 018	-	-
Group companies:						
Netherlands:						
15	38	9 ³ / ₄ % Loans 1986/89	15	38	-	-
France:						
-	92	10 ³ / ₈ % Bonds 1992	-	92	-	-
U.S.A.:						
-	412	9 ⁷ / ₈ % Notes 1992	-	412	-	-
151	920	6 ⁵ / ₈ %-9 ¹ / ₈ % Commercial paper 1986	151	920	-	-
-	780	7 ²³ / ₃₁ %-8 ¹² / ₃₁ % Euronotes 1986	-	780	-	-
205	159	12 ¹ / ₂ % Note 1996	205	159	-	-
836	349	A series of other loans at various interest rates	836	349	-	-
2 452	3 768		2 452	3 768	-	-
Unilever PLC						
42	-	6 ³ / ₄ % Debenture stock 1985/88	-	-	42	-
9	8	5 ¹ / ₂ % Unsecured loan stock 1991/2006	-	-	9	8
226	220	7 ³ / ₄ % Unsecured loan stock 1991/2006	-	-	226	220
148	120	8% Unsecured loan notes 1985/92	-	-	148	120
-	52	Other	-	-	-	52
425	400	Total Unilever PLC	-	-	425	400
Pound sterling equivalent in millions 100 (1984: 103) (see also page 38)						
Group companies:						
Canada:						
42	28	8 ⁷ / ₈ % Debentures Series B 1993	-	-	42	28
507	234	A series of other loans at various interest rates	-	-	507	234
974	662		-	-	974	662
3 426	4 430		2 452	3 768	974	662
1 191	2 375	of which repayable within one year	737	2 096	454	279
Bank loans and overdrafts						
3 203	1 241	Loans	1 342	972	1 861	269
930	835	Overdrafts	420	448	510	387
4 133	2 076		1 762	1 420	2 371	656
3 094	1 544	of which repayable within one year	1 147	967	1 947	577

NOTES TO THE CONSOLIDATED ACCOUNTS

Fl. million

Combined		N.V.		PLC	
1984	1985	1984	1985	1984	1985
(16) Trade and other creditors					
Amounts due within one year:					
5 115	4 740	2 885	2 815	2 230	1 925
519	463	266	275	253	188
39	39	13	15	26	24
655	646	446	433	209	213
2 016	1 642	949	1 091	1 067	551
1 811	1 874	1 478	1 510	333	364
10 155	9 404	6 037	6 139	4 118	3 265
Amounts due after one year:					
5	7	2	5	3	2
109	146	64	82	45	64
75	75	68	74	7	1
189	228	134	161	55	67
10 344	9 632	6 171	6 300	4 173	3 332
of which					
27	12	27	12	—	—
(17) Pensions and similar obligations					
296	293	207	203	89	90
2 634	2 685	1 968	2 128	666	557
2 930	2 978	2 175	2 331	755	647
Movements during the year:					
2 930			2 175		755
(182)			(152)		(30)
(24)			—		(24)
23			24		(1)
671			496		175
(440)			(212)		(228)
2 978	31st December		2 331		647

NOTES TO THE CONSOLIDATED ACCOUNTS

Fl. million

Combined		N.V.		PLC	
1984	1985	1984	1985	1984	1985
(18) Deferred taxation and other provisions					
Deferred taxation:					
2 143	2 044	887	967	1 256	1 077
481	383	481	381	—	2
(496)	(464)	(241)	(266)	(255)	(198)
(359)	(308)	(226)	(150)	(133)	(158)
1 769	1 655	901	932	868	723
(161)	(92)	—	—	(161)	(92)
943	695	347	326	596	369
2 551	2 258	1 248	1 258	1 303	1 000
Advance Corporation Tax is available for offset against future United Kingdom Corporation Tax liabilities.					
Other provisions include the provisions for estimated losses referred to in note (8) on page 11.					
Movements during the year:					
2 551			1 248		1 303
(122)			(49)		(73)
(41)			—		(41)
96			81		15
(115)			(1)		(114)
92			(10)		102
(203)			(11)		(192)
2 258			1 258		1 000
On a SSAP 15 basis deferred taxation would be reduced by:					
(1 804)	(1 863)	(818)	(923)	(986)	(940)
(235)	(249)	(235)	(247)	—	(2)
453	406	199	205	254	201
326	304	195	179	131	125
(1 260)	(1 402)	(659)	(786)	(601)	(616)
(19) Called up share capital					
286	285	265	265	21	20
1 114	1 114	640	640	474	474
1 400	1 399	905	905	495	494

NOTES TO THE CONSOLIDATED ACCOUNTS

Authorised		Nominal value per share	Number of shares issued	Issued and fully paid	
1984	1985			1984	1985
Called up share capital (continued)					
Preferential share capital					
Unilever N.V.					
Fl. million				Fl. million	
75	75	7% Cumulative Preference	Fl. 1 000	29	29
200	200	6% Cumulative Preference	Fl. 1 000	161	161
75	75	4% Cumulative Preference	Fl. 100	75	75
350	350			265	265
Unilever PLC					
£ million				£ million	
0.2	0.2	5% First Cumulative Preference	£1	0.2	0.2
3.5	3.5	7% First Cumulative Preference	£1	3.5	3.5
1.2	1.2	8% Second Cumulative Preference	£1	1.2	1.2
0.2	0.2	20% Third Cumulative Preferred Ordinary	25p	0.2	0.2
5.1	5.1			5.1	5.1
Guilder equivalent in millions					
				21	20
				286	285
The 4% cumulative preference capital of N.V. is redeemable at par at the Company's option either wholly or in part.					
The rates shown for the preferential capital of PLC are before the reduction of three tenths which followed the introduction of the imputation system of taxation in the United Kingdom in April, 1973.					
Ordinary share capital					
Unilever N.V.					
Fl. million				Fl. million	
1000	1000	Ordinary:		640	640
2	2	(In Fl. 20 shares)	32 008 250	2	2
		(In Fl. 1 000 shares numbered 1 to 2 400)	2 400	(2)	(2)
		Internal holdings eliminated in consolidation (Fl. 1 000 shares)			
				640	640
Unilever PLC					
£ million				£ million	
136.2	136.2	Ordinary (in 25p shares)	158 073 358	39.5	39.5
0.1	0.1	Deferred (in £1 stock)	100 000	0.1	0.1
		Internal holdings eliminated in consolidation (£1 stock)		(0.1)	(0.1)
				39.5	39.5
Guilder equivalent in millions					
				474	474
				1 114	1 114

NOTES TO THE CONSOLIDATED ACCOUNTS

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 10 375 000 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, 1985 were as follows:

	Number of shares	Nominal value		Option price per share	Date normally exercisable
		Per share	Total value		
N.V. share options	63 209	Fl. 20	Fl. 1 264 180	Fl. 351.20	1986/95
	3 416	Fl. 20	Fl. 68 320	Fl. 401.50	1986/95
PLC 1985 Executive Share Option Schemes	775 556	25p	£193 889	£11.375	1988/94
PLC 1985 Sharesave Scheme	2 109 029	25p	£527 257	£10.24	1990

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 $\frac{1}{4}\%$ 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 Sir Kenneth Durham are also Directors of United Holdings Limited.

At 31st December, 1985 a group company of N.V. held certificates (depository receipts) representing 49 728 Fl. 20 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 (20) on page 21).

NOTES TO THE CONSOLIDATED ACCOUNTS

Fl. million

Combined		N.V.		PLC	
1984	1985	1984	1985	1984	1985
(20) Profit retained and other reserves					
Profit retained:					
5 287	5 308	2 793	2 888	2 494	2 420
7 163	6 776	3 480	3 049	3 683	3 727
458	267	7	3	451	264
12 908	12 351	6 280	5 940	6 628	6 411
Other reserves:					
(311)	(315)	—	—	(311)	(315)
26	25	—	—	26	25
—	(17)	—	(17)	—	—
12 623	12 044	6 280	5 923	6 343	6 121
(21) Purchase/sale of group companies					
(963)	169	(231)	(238)	(732)	407
(166)	(19)	19	(19)	(185)	—
(626)	111	(48)	(43)	(578)	154
471	55	(3)	32	474	23
115	5	(37)	104	152	(99)
—	—	(2)	—	2	—
68	34	15	51	53	(17)
(1 101)	355	(287)	(113)	(814)	468
(17)	(9)	—	25	(17)	(34)
(975)	(144)	(155)	(125)	(820)	(19)
(2 093)	202	(442)	(213)	(1 651)	415
(247)	200	8	(51)	(255)	251
(2 340)	402	(434)	(264)	(1 906)	666
Pensions					
12 192	12 707	6 011	6 451	6 181	6 256
2 930	2 978	2 175	2 331	755	647
These provisions, together with the assets of the funds, are sufficient in total to cover all pensions in course of payment at their existing levels and all contractual entitlements to deferred benefits in respect of service to date.					

NOTES TO THE CONSOLIDATED ACCOUNTS

Fl. million

Combined			N.V.		PLC	
1984	1985		1984	1985	1984	1985
		Contingent liabilities are not expected to give rise to any material loss. They include:				
449	390	Guarantees	244	226	205	164
116	94	Bills discounted	53	52	63	42
		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 36 and 39.				
		Commitments				
		Long-term lease commitments, principally for operating leases, in respect of:				
2 544	2 098	Land and buildings	943	858	1 601	1 240
345	300	Other tangible assets	249	226	96	74
2 889	2 398		1 192	1 084	1 697	1 314
		The commitments fall due as follows:				
393	343	1986	236	223	157	120
338	297	1987	206	192	132	105
264	247	1988	157	156	107	91
216	204	1989	121	124	95	80
182	172	1990	99	100	83	72
1 496	1 135	After 1990	373	289	1 123	846
2 889	2 398		1 192	1 084	1 697	1 314
512	921	Other commitments	475	882	37	39
25	674	of which payable within one year	21	641	4	33
		Exposures on third-party fixed price contracts outstanding at 31st December for commodities, to which the bulk of contracts refer, are:				
1 305	831	Purchase contracts (net)	483	365	822	466
723	311	Selling contracts (net)	368	183	355	128
		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 ruling at 31st December remained unchanged.				
		The average number of employees during the year was: (in thousands)				
146	139	Europe	82	79	64	60
20	22	North America	15	16	5	6
111	151	Rest of the World	40	42	71	109
277	312		137	137	140	175

NOTES TO THE CONSOLIDATED ACCOUNTS

	Fl. million		£ million	
	1984	1985	1984	1985
Combined earnings per share				
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. 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 19)	1 114	1 114	93	93
Less: N.V. shares held by a group company of N.V. in connection with N.V. share options	-	(1)	-	-
	<u>1 114</u>	<u>1 113</u>	<u>93</u>	<u>93</u>
The combined number of share units is therefore 55 669 526 (1984: 55 719 254) of Fl. 20 or alternatively 371 130 171 (1984: 371 461 691) of 25p.				
Profit on ordinary activities attributable to shareholders	2 078	2 064	503	516
Less: preference dividends	(16)	(16)	(4)	(4)
Profit on ordinary activities attributable to ordinary capital	<u>2 062</u>	<u>2 048</u>	<u>499</u>	<u>512</u>
Divided by combined share units =	<u>Fl. 37.01</u>	<u>Fl. 36.79</u>	<u>134.33p</u>	<u>137.96p</u>
On a SSAP 15 basis the calculations would be:				
Profit on ordinary activities attributable to ordinary capital	2 164	2 174	524	543
Divided by combined share units =	<u>Fl. 38.84</u>	<u>Fl. 39.05</u>	<u>141.06p</u>	<u>146.31p</u>
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 (19), and (b) the issue of ordinary shares under option, details of which are set out in note (19), 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 34 - 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 with the company balance sheet on page 37.				

CURRENT COST ACCOUNTS – ACCOUNTING POLICIES

Introduction

The current cost accounts have been prepared in accordance with United Kingdom Accounting Standard SSAP 16, pending further discussion on this subject.

The accounting policies set out on pages 4 and 5 have been followed in preparing the current cost accounts, except where they are inconsistent with current cost principles as explained below.

Tangible assets, depreciation and disposals

In general, the current replacement cost of tangible assets is determined by applying specific price indices in the country of location to the original cost of the assets, net of capital-based grants.

Land is stated at estimated market value based on current use.

The depreciation adjustment is the difference between depreciation on the historical cost of assets and on the current replacement cost of assets.

Amounts necessary to restate profits and losses on the disposal of assets by reference to the current rather than historical cost of the assets concerned are shown under 'other adjustments'. The disposals dealt with in this way are those treated as exceptional items in the historical cost accounts.

Stocks and the cost of sales adjustment

Stocks are stated as in the historical cost accounts. The difference between current replacement cost and historical cost at the balance sheet date is not material.

The cost of sales adjustment identifies the extent to which the charge in the historical cost accounts for stocks consumed differs from the value to the business of those stocks. In general, it is computed by identifying the effect of the price change during the year on the value of normal stock required for the operation of the business. The price change is established using specific prices or indices applicable to stocks in the country of location.

Monetary working capital adjustment

The monetary working capital adjustment reflects the impact of price changes on the amounts needed for monetary working capital. The adjustment is calculated by reference to the net balances of debtors and creditors associated with the day to day activities of the business, using indices appropriate to the country in which they are held.

Fixed investments

The share of the retained profit and reserves, and results for the year, of significant associated companies has been restated on a current cost basis consistent with that used for the consolidated companies.

Trade investments are included at estimated current value.

Gearing adjustment

This takes credit for the proportion of the current cost adjustments to the profit and loss account which can be regarded as being financed by third parties. The gearing proportion is the average for the year determined separately for N.V. and PLC on a group basis. It is calculated as the ratio of net borrowing to net operating assets as shown on page 28.

Taxation

Taxation is based on United Kingdom Accounting Standard SSAP 15. Provision for deferred taxation is not made if the Directors are able to foresee on reasonable evidence that no liability is likely to arise.

Current cost information showing the effect of full provision for deferred taxation is given on page 29.

Outside interests in group companies

The historical cost figures have been adjusted for the portion of the current cost adjustments attributable to outside interests.

Reserves

The capital maintenance reserve includes our share of the revaluation surpluses on assets, the current cost adjustments and foreign exchange differences arising from translation of the opening assets and liabilities of N.V. into guilders and of PLC into sterling at the closing rates of exchange.

Sterling/guilder realignment has been apportioned between capital maintenance reserve and current cost profit retained.

CONSOLIDATED CURRENT COST PROFIT AND LOSS ACCOUNTS

for the year ended 31st December

Fl. million

Combined			N.V.		PLC	
1984	1985		1984	1985	1984	1985
66 791	66 771	Turnover	42 592	40 790	24 199	25 981
3 841	3 797	Historical cost operating profit	2 429	2 122	1 412	1 675
		Adjustments required to obtain current cost operating profit:				
(620)	(551)	Depreciation	(344)	(327)	(276)	(224)
(703)	(54)	Cost of sales	(435)	(30)	(268)	(24)
10	23	Monetary working capital	5	15	5	8
(225)	(59)	Other	(86)	(27)	(139)	(32)
2 303	3 156	Current cost operating profit	1 569	1 753	734	1 403
253	210	Income from fixed investments (1)	41	34	212	176
367	210	Gearing adjustment	259	130	108	80
459	494	Other interest receivable and similar income	286	348	173	146
(769)	(779)	Interest payable and similar charges	(554)	(540)	(215)	(239)
2 613	3 291	Current cost profit on ordinary activities before taxation	1 601	1 725	1 012	1 566
(1 489)	(1 457)	Taxation	(789)	(769)	(700)	(688)
1 124	1 834	Current cost profit on ordinary activities after taxation	812	956	312	878
(113)	(157)	Outside interests in group companies	(68)	(69)	(45)	(88)
1 011	1 677	Current cost profit on ordinary activities attributable to shareholders	744	887	267	790
(1 211)	-	Extraordinary items (2)	(207)	-	(1 004)	-
(200)	1 677	Current cost profit after extraordinary items attributable to shareholders	537	887	(737)	790
(16)	(16)	Preference dividends	(15)	(15)	(1)	(1)
(684)	(718)	Dividends on ordinary capital	(452)	(474)	(232)	(244)
(900)	943	Current cost profit of the year retained	70	398	(970)	545
(900)	943	Movements in current cost profit retained				
		Current cost profit of the year retained	70	398	(970)	545
(921)	(152)	Goodwill	(154)	(132)	(767)	(20)
(392)	(110)	Sterling/guilder realignment	-	-	(392)	(110)
(2 213)	681	Net movements during year	(84)	266	(2 129)	415
9 433	7 220	Balance - 1st January	3 814	3 730	5 619	3 490
7 220	7 901	Balance - 31st December (4)	3 730	3 996	3 490	3 905
1984	1985	Combined current cost earnings per share (for details of calculation see page 23)				
Fl. 17.86	Fl. 29.84	Guilders per Fl. 20 of ordinary capital				
64.88p	112.09p	Pence per 25p of ordinary capital				

References between brackets relate to notes on pages 27 and 28.

CONSOLIDATED CURRENT COST BALANCE SHEETS

as at 31st December

Fl. million

Combined			N.V.		PLC	
1984	1985		1984	1985	1984	1985
21 220	19 430	Fixed assets	12 365	11 826	8 855	7 604
2 535	2 004	Tangible assets (3)	646	665	1 889	1 339
		Fixed investments				
23 755	21 434		13 011	12 491	10 744	8 943
11 501	9 744	Current assets	6 197	5 679	5 304	4 065
9 359	8 259	Stocks	5 423	5 229	3 936	3 030
1 856	3 492	Debtors	1 365	1 840	491	1 652
2 752	2 398	Current investments	1 517	1 664	1 235	734
		Cash at bank and in hand				
25 468	23 893		14 502	14 412	10 966	9 481
15 968	14 845	Less:	8 742	10 107	7 226	4 738
		Creditors due within one year				
9 500	9 048	Net current assets	5 760	4 305	3 740	4 743
33 255	30 482	Total assets less current liabilities	18 771	16 796	14 484	13 686
3 710	3 006	Creditors due after more than one year	2 534	2 368	1 176	638
4 978	4 230	Provisions for liabilities and charges	2 939	2 848	2 039	1 382
-	-	Inter-group N.V./PLC	55	(1 085)	(55)	1 085
1 171	1 073	Outside interests in group companies	605	605	566	468
1 400	1 399	Capital and reserves	905	905	495	494
89	87	Called up share capital	52	52	37	35
14 972	13 093	Share premium account	7 951	7 124	7 021	5 969
6 935	7 594	Capital maintenance reserve	3 730	3 979	3 205	3 615
		Current cost profit retained and other reserves (4)				
23 396	22 173		12 638	12 060	10 758	10 113
33 255	30 482	Total capital employed	18 771	16 796	14 484	13 686
326	(179)	Movements in capital maintenance reserve	171	(115)	155	(64)
(11)	10	Cost of sales, monetary working capital and gearing adjustments	(3)	6	(8)	4
665	953	Outside interests in the above adjustments	385	477	280	476
452	(2 439)	Revaluation surpluses (5)	382	(1 195)	70	(1 244)
(490)	(224)	Effect of exchange rate changes	-	-	(490)	(224)
		Sterling/guilder realignment				
942	(1 879)	Net movements during year	935	(827)	7	(1 052)
14 030	14 972	Balance - 1st January	7 016	7 951	7 014	7 021
14 972	13 093	Balance - 31st December	7 951	7 124	7 021	5 969

References between brackets relate to notes on pages 27 and 28.

NOTES TO THE CONSOLIDATED CURRENT COST ACCOUNTS

Fl. million

Combined		N.V.		PLC	
1984	1985	1984	1985	1984	1985
(1) Income from fixed investments					
Share of associated companies' current cost profit before taxation					
218	178	18	19	200	159
16	20	5	5	11	15
19	12	18	10	1	2
253	210	41	34	212	176
(2) Extraordinary items					
Extraordinary charge					
(1 186)	—	(356)	—	(830)	—
177	—	149	—	28	—
(202)	—	—	—	(202)	—
(1 211)	—	(207)	—	(1 004)	—
<p>The extraordinary charge in 1984 is that referred to in note (8) on page 11 increased to reflect current cost values at 31st December, 1984 and provision for deferred taxation on a SSAP 15 basis, less the related gearing adjustment.</p> <p>The deferred taxation adjustment, which arose as a consequence of changes legislated in the United Kingdom Finance Act 1984, was calculated on a SSAP 15 basis, and thereby differed significantly from that included in note (8) on page 11.</p>					
(3) Tangible assets					
8 572	7 358	4 856	4 434	3 716	2 924
12 648	12 072	7 509	7 392	5 139	4 680
21 220	19 430	12 365	11 826	8 855	7 604
Current replacement cost					
14 184	12 251	8 290	7 611	5 894	4 640
25 637	24 182	15 795	15 250	9 842	8 932
39 821	36 433	24 085	22 861	15 736	13 572
Depreciation					
5 612	4 893	3 434	3 177	2 178	1 716
12 989	12 110	8 286	7 858	4 703	4 252
18 601	17 003	11 720	11 035	6 881	5 968

NOTES TO THE CONSOLIDATED CURRENT COST ACCOUNTS

Fl. million

Combined			N.V.		PLC	
1984	1985		1984	1985	1984	1985
7 220	7 901	(4) Current cost profit retained and other reserves				
		Current cost profit retained	3 730	3 996	3 490	3 905
		Other reserves:				
(311)	(315)	Adjustment on conversion of PLC's ordinary capital at £1 = Fl. 12	—	—	(311)	(315)
26	25	Capital redemption reserve	—	—	26	25
—	(17)	Book value of N.V. shares held by a group company in connection with N.V. share options	—	(17)	—	—
6 935	7 594		3 730	3 979	3 205	3 615
		(5) Revaluation surpluses				
572	798	Tangible assets	381	378	191	420
77	67	Associated companies	—	7	77	60
16	88	Trade investments	4	92	12	(4)
665	953		385	477	280	476
		Financing of net operating assets				
		The net current replacement cost of the net operating assets at 31st December amounted to:				
21 220	19 430	Tangible assets	12 365	11 826	8 855	7 604
1 852	1 294	Associated companies	127	126	1 725	1 168
230	328	Trade investments	94	192	136	136
11 457	9 304	Other	5 989	5 324	5 468	3 980
34 759	30 356		18 575	17 468	16 184	12 888
		These were financed by:				
		Shareholders' interest				
23 396	22 173	Capital and reserves	12 638	12 060	10 758	10 113
1 171	1 073	Outside interests in group companies	605	605	566	468
(104)	(60)	Less preference shares of National Starch and Chemical Holding Corporation	(104)	(60)	—	—
480	502	Proposed dividends	306	330	174	172
24 943	23 688		13 445	12 935	11 498	10 753
		Net borrowing				
7 559	6 506	Borrowings	4 214	5 188	3 345	1 318
4 978	4 230	Provisions for liabilities and charges	2 939	2 848	2 039	1 382
(2 721)	(4 068)	Other financial items	(2 023)	(3 503)	(698)	(565)
9 816	6 668		5 130	4 533	4 686	2 135
34 759	30 356		18 575	17 468	16 184	12 888

NOTES TO THE CONSOLIDATED CURRENT COST ACCOUNTS

Fl. million

Combined			N.V.		PLC	
			1984	1985	1984	1985
1984	1985		1984	1985	1984	1985
Summary of effect of adopting full provision for deferred taxation						
Profit and loss account						
2 303	3 156	Current cost operating profit	1 569	1 753	734	1 403
2 912	3 406	Current cost profit on ordinary activities before taxation	1 776	1 810	1 136	1 596
(1 605)	(1 591)	Taxation	(906)	(862)	(699)	(729)
1 307	1 815	Current cost profit on ordinary activities after taxation	870	948	437	867
(106)	(151)	Outside interests in group companies	(65)	(67)	(41)	(84)
1 201	1 664	Current cost profit on ordinary activities attributable to shareholders	805	881	396	783
(521)	–	Extraordinary items	(164)	–	(357)	–
680	1 664	Current cost profit after extraordinary items attributable to shareholders	641	881	39	783
(16)	(16)	Preference dividends	(15)	(15)	(1)	(1)
(684)	(718)	Dividends on ordinary capital	(452)	(474)	(232)	(244)
(20)	930	Current cost profit of the year retained	174	392	(194)	538
Balance sheet						
33 255	30 482	Total assets less current liabilities as on page 26	18 771	16 796	14 484	13 686
(358)	(199)	Adjustment to value of associated companies	(23)	(19)	(335)	(180)
32 897	30 283		18 748	16 777	14 149	13 506
3 710	3 006	Creditors due after one year	2 534	2 368	1 176	638
9 837	8 772	Provisions for liabilities and charges	6 124	5 793	3 713	2 979
–	–	Inter-group N.V./PLC	55	(1 085)	(55)	1 085
906	833	Outside interests in group companies	453	449	453	384
18 444	17 672	Capital and reserves	9 582	9 252	8 862	8 420
32 897	30 283		18 748	16 777	14 149	13 506

The above figures differ from those set out with notes on pages 25 to 28 where the United Kingdom SSAP 15 method of accounting for deferred taxation has been adopted, in that:

(a) The taxation charge in the profit and loss account is that shown in the historical cost accounts (see note (7) on page 10).

(b) Within the extraordinary items the extraordinary charge was reduced to reflect the full provision basis for deferred taxation and the deferred taxation adjustment was that shown in the historical cost accounts (see note (8) on page 11).

(c) Deferred taxation included in provisions for liabilities and charges is that shown in the historical cost accounts (see note (18) on page 18) with the addition of tax provisions on revaluation surpluses arising on the uplift of assets to a current cost basis. The gearing adjustments, outside interests in group companies and figures for associated companies have been adjusted accordingly.

PRINCIPAL GROUP AND RELATED COMPANIES

as at 31st December, 1985

Introduction

The companies listed below 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
Paperboard and packaging	PP
Agribusiness	A
UAC International	U
Others	O

The companies are, unless otherwise indicated, 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

%	Austria - N.V.	
	Nordsee Ges.m.b.H.	F
	Österreichische Unilever Ges.m.b.H.	MFDPPP
75	Unifrost Ges.m.b.H.	F
	Belgium - N.V.	
	Hartog N.V.	F
	Iglo-Ola N.V.	F
	Lever N.V.	D
	S.B.T. N.V.	O
	Union N.V.	M
	Denmark - N.V.	
	Uni-Dan A/S	MFD
	Finland - N.V.	
	Paasivaara Oy	MF
	Turun Saippua Oy	DP
	France	
	- N.V.	
99	Astra-Calvé S.A.	MF
99	Française de Soins et Parfums S.A.	P
99	4P Emballages France S.A.	PP
99	Française d'Alimentation et de Boissons S.A.	F
99	Lever S.A.	D
99	Compagnie des Glaces et Surgelés Alimentaires S.A.	F
99	Unilever Export France S.A.	O
	- PLC	
99	CNF S.A.	U
99	Niger France S.A.	U
	Germany - N.V.	
	Deutsche Unilever G.m.b.H.	H
	'Elbe' Transport G.m.b.H.	O
	Elida-Gibbs G.m.b.H.	P
	4P Folie Forchheim G.m.b.H.	PP
	Novia Lebensmittel G.m.b.H.	F
75	Langnese-Iglo G.m.b.H.	F
	Lever Sunlicht G.m.b.H.	D
	Meistermarken-Werke G.m.b.H., Spezialfabrik für Back- und Grossküchenbedarf	MF
	4P Nicolaus Kempten G.m.b.H.	PP
	4P Verpackungen Ronsberg G.m.b.H.	PP
	'Nordsee' Deutsche Hochseefischerei G.m.b.H.	F
	4P Rube Göttingen Verwaltungs- und Beteiligungs 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
	Greece - N.V.	
50	Industrie Hellénique de Détergents S.A. (E.V.A.)	D
	'Elais' Oleaginous Products S.A.	M
	Ireland - PLC	
	Lever Brothers (Ireland) Ltd.	D
	W. & C. McDonnell Ltd.	MF
	Paul and Vincent Ltd.	A
	HB Ice Cream Ltd.	F

PRINCIPAL GROUP AND RELATED COMPANIES

as at 31st December, 1985

Principal group companies (continued)**Rest of the World**

		%			%
Argentina - N.V.			Mexico - N.V.		
99	Lever y Asociados s.a.c.i.f.	MFDP	Zwanenberg de Mexico S.A.		F
Australia - PLC			Netherlands Antilles - N.V.		
	Unilever Australia Ltd.	MFDP	Mavibel International N.V.		O
			Unilever Becumij N.V.		O
Bangladesh - PLC			New Zealand - PLC		
61	Lever Brothers Bangladesh Ltd.	FDPC	Lever Brothers (New Zealand) Ltd.		H
			Unilever New Zealand Ltd.		FDPC
Brazil - N.V.			Niger - PLC		
99	Indústrias Gessy Lever Ltda.	MFDP	Niger-Afrique S.A.		U
United Republic of Cameroun - PLC			Nigeria - PLC		
99	Plantations Pamol du Cameroun Ltd.	A	Pamol (Nigeria) Ltd.		A
	R.W. King S.A.	U	Pakistan - PLC		
Chile - N.V./PLC			Lever Brothers Pakistan Ltd.		MDPC
	Lever Chile S.A.	MFDP	Philippines - N.V.		
Colombia - N.V.			Philippine Refining Company Inc.		MFDP
	Compañía Colombiana de Grasas		Sierra Leone - PLC		
	'Cogra-Lever' S.A.	MDP	UAC of Sierra Leone Ltd.		U
People's Republic of the Congo (Brazzaville) - PLC			Republic of Singapore - PLC		
99	Société Commerciale du Kouilou	U	Lever Brothers Singapore Sdn. Bhd.		MDP
	Niari-Congo S.A.		Solomon Islands - PLC		
Gabon - PLC			Lever Solomons Ltd.		A
99	Hatton et Cookson S.A.	U	Lever's Pacific Timbers Ltd.		U
Ghana - PLC			South Africa - PLC		
60	UAC of Ghana Ltd.	U	Elida-Gibbs (Pty.) Ltd.		P
India - PLC			Lever Brothers (Pty.) Ltd.		D
51	Hindustan Lever Ltd.	MDPCA	Lipton (SA) (Pty.) Ltd.		F
Indonesia - N.V.			Unilever South Africa (Pty.) Ltd.		H
85	P.T. Unilever Indonesia	MFDP	Van den Bergh and Jurgens (Pty.) Ltd.		M
Ivory Coast - PLC			Sri Lanka - PLC		
80	Blohorn S.A.	MDAPP	Lever Brothers (Ceylon) Ltd.		MDPCA
99	CFCI S.A.	U	Taiwan - N.V.		
67	Uniwax S.A.	U	Formosa United Industrial Corporation Ltd.		D
Japan - N.V.			Tanzania - PLC		
97	Nippon Lever KK	MFDP	UAC of Tanzania Ltd.		U
Kenya - PLC			Republic of Tchad - PLC		
88	Brooke Bond Kenya Ltd.	AO	Brasseries du Logone S.A.		U
54	East Africa Industries Ltd.	MFDP	Thailand - N.V.		
	Gailey & Roberts Ltd.	U	Lever Brothers (Thailand) Ltd.		MFDP
Malawi - PLC			Trinidad - PLC		
80	Lever Brothers (Malawi) Ltd.	MDPC	Lever Brothers West Indies Ltd.		MFDP
Malaysia - PLC			Turkey - N.V.		
85	Lever Brothers (Malaysia) Sdn. Bhd.	MFDP	Unilever-İş Ticaret ve Sanayi Türk Limited Şirketi		MF
	Pamol Plantations Sdn. Bhd.	A	Uganda - PLC		
			Gailey & Roberts (Uganda) Ltd.		U

PRINCIPAL GROUP AND RELATED COMPANIES

as at 31st December, 1985

Principal group companies (continued)

		%	
Venezuela - N.V.			
	Lever S.A.		FDP
Republic of Zaïre			
- N.V.			
58	Plantations Lever au Zaïre s.a.r.l.		A
	Compagnie des Margarines, Savons et Cosmétiques au Zaïre s.a.r.l.		MDPC
- PLC			
99	Sedec s.a.r.l.		U
Zambia - PLC			
	K. B. Davies & Co. (Zambia) Ltd.		U
Zimbabwe - PLC			
	Lever Brothers (Private) Ltd.		MFDP

Principal related companies

Associated companies

Europe

		%	
Denmark - N.V.			
50	Margarinefabrikken Alfa-Solo A/S		M
Germany - N.V.			
50	Fritz Homann Lebensmittelwerke G.m.b.H. & Co. K.G.		MF
Portugal - N.V.			
40	FIMA - Fábrica Imperial de Margarina Lda.		M

Rest of the World

		%	
Colombia - N.V.			
49	Plantaciones Unipalma de Los Llanos S.A.		A
Nigeria - PLC			
14	Guinness Nigeria Ltd.		U
40	Lever Brothers Nigeria Ltd.		MFDP
14	Nigerian Breweries Ltd.		U
40	UAC of Nigeria Ltd.		U
El Salvador - N.V.			
50	Industrias Unisola S.A.		MFDP

Trade investments

Europe

		%	
The Netherlands - N.V.			
37	Gamma Holding N.V. (Percentage of total issued capital held-34)		O

Rest of the World

		%	
Australia - PLC			
48	Bushells Pty Ltd.		F
Korea - N.V.			
50	Aekyung Industrial Company Limited		D

UNILEVER N.V. COMPANY ACCOUNTS

The balance sheet below includes the proposed profit appropriation

Fl. million

1984		1985
Balance sheet as at 31st December		
3 191	Fixed assets	3 010
	Fixed investments	
	Current assets	
1 903	Debtors	1 742
96	Current investments	345
590	Cash at bank and in hand	543
		2 630
2 589	Less: Creditors due within one year	1 152
730		
1 859	Net current assets	1 478
5 050	Total assets less current liabilities	4 488
1 199	Creditors due after more than one year	684
117	Provisions for liabilities and charges	87
(18)	Inter-group N.V./PLC	(111)
	Capital and reserves	
	Called up share capital	
265	Preferential share capital (19)	265
642	Ordinary share capital (19)	642
		907
907	Share premium account	52
52	Profit retained and other reserves	2 869
2 793		
3 752		3 828
5 050	Total capital employed	4 488
Profit and loss account for the year ended 31st December		
640	Income from fixed investments after taxation	501
(86)	Other income and expense	83
554	Profit of the year	584

Pages 4 to 33, 35 and 36 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 page 36.

The Board of Directors
1st April, 1986

References between brackets relate to note on pages 18 to 20.

UNILEVER N.V. NOTES TO THE COMPANY ACCOUNTS AND FURTHER STATUTORY INFORMATION

1984	1985
Profit retained and other reserves	
2 793 Profit retained	2 888
– Cost of Unilever N.V. shares purchased and held by a group company	(19)
2 793 31st December	2 869
Contingent liabilities are not expected to give rise to any material loss. They include:	
Guarantees given for debts of group and other companies, under which amounts outstanding at 31st December were as follows:	
2 105 For N.V. group companies	3 790
– For PLC and its group companies	–
33 Others	26
2 138	3 816
356 Of the above, guaranteed also by Unilever PLC	2 390

Further information Unilever N.V. as required by Article 392, Book 2, Civil Code

Report of the Auditors

See page 2.

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.

Proposed profit appropriation

1984	1985
554 Profit of the year	584
(15) Preference dividends	(15)
539 Profit at disposal of the Annual General Meeting of shareholders	569
Proposed profit appropriation in accordance with Article 41 of the Articles of Association:	
(452) Ordinary dividends	(474)
87 Profit of the year retained	95
2 706 Balance 1st January	2 793
2 793 Balance 31st December	2 888

Special controlling rights under the Articles of Association

See page 20.

UNILEVER PLC COMPANY BALANCE SHEET

as at 31st December

£ million

1984		1985
1 033	Fixed assets	
	Fixed investments	988
	Current assets	
2	Stocks	2
56	Debtors	65
91	Current investments	383
175	Cash at bank and in hand	44
		<u>494</u>
324	Less:	
379	Creditors due within one year	<u>153</u>
(55)	Net current assets/liabilities	341
978	Total assets less current liabilities	1 329
311	Creditors due after more than one year	377
10	Provisions for liabilities and charges	18
(7)	Inter-group N.V./PLC	269
	Capital and reserves	
5	Called up share capital	5
40	Preferential share capital (19)	40
	Ordinary share capital (19)	<u>45</u>
45	Share premium account	9
9	Capital redemption reserve (20)	6
6	Profit retained	605
604		<u>665</u>
664		665
978	Total capital employed	1 329

Kenneth Durham, Chairman
F. A. Maljers, Vice-Chairman

1st April, 1986

UNILEVER PLC NOTES TO THE COMPANY BALANCE SHEET

£ million

1984	1985	1984	1985
Fixed investments		Debtors	
503	Shares in group companies	531	
507	Loans to group companies	435	
22	Shares in related companies	22	
1	Other loans	–	
1 033	988	15	Amounts owed by group companies
		1	Amounts owed by related companies
		7	Others
		2	Prepayments and accrued income
		25	26
		31	Due after one year: Advance Corporation Tax
		56	65
			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 £39 million includes £21 million recoverable against 1985 liabilities and £18 million against those for later years.
		91	Current investments
		–	Listed on a recognised stock exchange
		91	Unlisted
			383
		85	The cost of current investments amounted to
			375
			Creditors
		36	Due within one year:
		247	Debenture and similar loans (15)
		8	Bank loans and overdrafts
		7	Trade creditors
		7	Amounts owed to group companies
		36	Taxation and social security
		38	Other
		379	Dividends
			153
		67	Due after one year:
		240	Debenture and similar loans (15)
		4	Amounts owed to group companies
		311	Taxation and social security
			377
		57	The debenture and similar loans include amounts repayable after more than five years
			70
		17	Provisions for liabilities and charges
		(7)	Unfunded pension provisions
		10	Deferred taxation
			18

Reference between brackets relates to note on pages 15 and 16.

UNILEVER PLC NOTES TO THE COMPANY BALANCE SHEET

£ million

1984	1985
Profit retained	
601 1st January	604
59 Profit for financial year	62
(56) Ordinary and deferred dividends	(61)
604 31st December	605
Contingent liabilities are not expected to give rise to any material loss. They include:	
Guarantees given for debts of group and other companies, under which amounts outstanding at 31st December were as follows:	
86 For N.V. and its group companies	597
41 For PLC group companies	34
13 Others	5
140	636
86 Of the above, guaranteed also by Unilever N.V.	597