

UNILEVER

TRANSLATION
OF
ANNUAL REPORT
AND
STATEMENT OF ACCOUNTS
1953

CONTENTS

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

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

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

	PAGE
SALIENT POINTS	4
REPORT OF THE DIRECTORS	5-23
TURNOVER OF N.V. AND LIMITED GROUPS	24-25
SUMMARY BY COMMODITIES	24
SPREAD BY GEOGRAPHICAL AREAS (CHART)	24
ANALYSIS BY COMMODITIES (CHART)	25
COMPARATIVE TONNAGES OF PRINCIPAL PRODUCTS (CHART)	25
CONSOLIDATED PROFIT AND LOSS ACCOUNTS (STATEMENT A)	26-27
CONSOLIDATED BALANCE SHEETS (STATEMENT B)	28-29
RESERVES (STATEMENT C)	30
LAND, BUILDINGS, PLANTATIONS, SHIPS, PLANT AND EQUIPMENT (STATEMENT D)	31
SUMMARY OF CONSOLIDATED FIGURES 1945-1953	32
DIVISION OF PROFITS (CHART)	33
EXPENDITURE EACH YEAR ON FIXED ASSETS AND ADDITIONS EACH YEAR TO WORKING CAPITAL (CHART)	33
BALANCE SHEET—N.V. (STATEMENT E)	34-35
BALANCE SHEET—LIMITED (STATEMENT F)	36-37
REPORTS OF THE AUDITORS	38

UNILEVER N.V.

DIRECTORS

PAUL RIJKENS *Chairman*

SIDNEY J. VAN DEN BERGH }
SIR GEOFFREY HEYWORTH } *Vice-Chairmen*

M. G. DE BAAT

JAMES P. VAN DEN BERGH

A. D. BONHAM-CARTER

GEORGE JAMES COLE

SIR HERBERT DAVIS

W. A. FAURE

JOHN HENRY HANSARD

HAROLD HARTOG

JAMES LAURENCE HEYWORTH

RALPH ESTILL HUFFAM

RUDOLF G. JURGENS

ANDREW M. KNOX

J. F. VAN MOORSEL

FRANCIS DAVID MORRELL

A. E. J. SIMON THOMAS

ARTHUR HENRY SMITH

F. J. TEMPEL

ADVISORY DIRECTORS

H. M. HIRSCHFELD

J. M. HONIG

RUDOLF JURGENS

K. P. VAN DER MANDELE

JHR. J. A. G. SANDBERG

T. J. TWIJNSTRA

H. L. WOLTERSOM

SECRETARY

E. A. HOFMAN

AUDITORS

PRICE WATERHOUSE & Co.

COOPER BROTHERS & Co.

SALIENT POINTS

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

1952		1953
Fl.		Fl.
1,724,000,000	FIXED ASSETS.....	1,802,000,000
1,825,000,000	NET CURRENT ASSETS	1,964,000,000
3,549,000,000	CAPITAL EMPLOYED	3,766,000,000
12,983,000,000	TURNOVER.....	13,900,000,000
178,000,000	DEPRECIATION	161,000,000
412,000,000	TRADING PROFIT	654,000,000
235,000,000	TAXATION FOR THE YEAR.....	359,000,000
72,000,000	EXCEPTIONAL PROFITS	6,000,000
	(INCLUDING IN 1952, FL. 20,000,000 WITHDRAWN FROM STOCK RESERVES)	
223,000,000	CONSOLIDATED NET PROFIT.....	274,000,000
187,043,000	PROFIT ACCRUING TO THE ORDINARY SHAREHOLDERS..	237,054,000
	Fl. 147,985,000 PROFITS RETAINED Fl. 191,185,000	
	Fl. 39,058,000 ORDINARY DIVIDENDS Fl. 45,869,000	
	12% ₀ N.V. 14% ₀	
	13 ¹ / ₂ % ₀ LIMITED 15 ³ / ₄ % ₀	

REPORT OF THE DIRECTORS FOR THE YEAR 1953

**TO BE SUBMITTED AT THE GENERAL MEETING OF SHAREHOLDERS
TO BE HELD AT ROTTERDAM
ON 31ST MAY, 1954.**

The Directors submit their Report and Accounts for the year 1953. N.V. and LIMITED are linked by a series of agreements of which the principal is the Equalisation Agreement. This, in effect, equalises the rights of the Ordinary Capitals of the two companies as to dividends and, on liquidation, as to capital value, on the basis of £ 1 nominal of LIMITED's Ordinary Capital being equivalent to Fl. 12 nominal of N.V.'s Ordinary Capital. For this reason the Report and Accounts combine, as hitherto, the results and operations of the two Groups.

The guilder equivalents of all LIMITED figures for 1953 have been calculated at the rate at 31st December, 1953, i.e., £ 1 = Fl. 10.61; for 1952 the rate was £ 1 = Fl. 10.58.

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

CHANGES IN PRESENTATION OF ACCOUNTS

Following our usual practice of trying to produce accounts which will give as clear a picture as possible of the Group's position, we have this year made some alterations in the form of the accounts. It may be remembered that in recent years we have made changes in presentation as a result of decisions to re-value some of the assets, to charge against profits the additional sums required to put depreciation of fixed assets on a replacement basis, and to make reserves for the purpose of eliminating stock profits from results. This year further changes have been made and these are described below.

The method of estimating the additional charge required to bring total depreciation to a replacement basis was established soon after the end of the war, when prices were constantly rising and when our post-war reconstruction and modernisation plans were about to be implemented. The possible effects of such factors upon the financial strength of the Group were recognised and the basis adopted for providing additional depreciation proved to be more than adequate.

It has also been our practice to convert fixed assets in foreign currencies into guilder or sterling equivalents at the rate ruling at the date of acquisition or valuation. Thus, subject to reduction for depreciation, a constant guilder or sterling value was maintained irrespective of later fluctuations in the rate of exchange. This practice was introduced long before we started publishing our consolidated balance sheets and at a time when we regarded any values expressed in guilders or pounds as completely stable.

With prices and exchange rates once again tending to be governed by more normal economic factors, we decided to review the basis upon which asset values are stated in the balance sheet and at the same time to make certain other revisions in the presentation of the accounts so as to give a picture more nearly in accord with current conditions.

These considerations have led to the following conclusions and consequent changes in practice.

(1) Over a period of years fixed assets in a number of countries have already been revalued; in some, such as France, Belgium and Germany, this resulted from Government regulations; in others, such as Canada and Australia, the step was taken for purposes of local policy. It has been decided that the time has come to revalue other fixed assets on the basis of their current economic value, with particular regard to technological changes, the expected pattern of demand for our products, and the extent to which the post-war replacement programmes have been carried out. Careful thought has been given as to where, and to what extent, such a revaluation should be made, and in each case the decision has been influenced by the need to establish reasonable values, based on the potential efficient and economic use of the asset concerned. The total value at which the fixed assets now stand after revaluation on these lines is still conservative, but we believe that it is more realistic and is to be preferred to the outcome of a general revaluation by the application of rigid index figures to historic cost.

(2) In most cases the consolidations of current assets and liabilities of foreign subsidiaries are converted at the rates of exchange prevailing at the end of the year whereas, as already mentioned, fixed assets were converted at the rates ruling at the date of acquisition or valuation. Now that circumstances have led us to revalue our fixed assets in the Netherlands and the United Kingdom we consider it is no longer logical to continue to express the fixed assets of foreign subsidiaries at the original guilder or pound equivalent. Moreover, both fixed assets and to a considerable extent net current assets, form part of the capital permanently employed in foreign subsidiaries. There seems, therefore, no justification for consolidating the two categories of assets on different bases. Accordingly, it has been decided, subject to reconsideration if circumstances demand, to consolidate all foreign assets and liabilities, without distinction, at year-end rates of exchange.

(3) Premiums and Goodwill appeared in the 1952 accounts at an amount of Fl. 644,164,000. This item arose from a number of acquisitions and valuations over many years and clearly the figure is no longer the true value of this asset, which, though intangible, is none the less real. The possibility of establishing the present value of this asset was considered, but there is no generally satisfactory method of doing this and in fact the real value is best indicated by the profits earned each year. It has, therefore, been decided that the balance sheet should be confined to tangible assets and that the item of Premiums and Goodwill should be eliminated.

In order that movements in Balance Sheet items arising from the year's operations may be apparent, the changes which flow from the adoption of the decisions referred to above have

been applied to the comparative figures for 1952 shown in the accounts now submitted. This has had the following consequences:—

The total of the net assets as shown in the 1952 balance sheet was.....	Fl. 3,997,950,000
Increase in value of fixed assets due to changes referred to under (1) and (2) above	195,458,000
	<hr/>
	Fl. 4,193,408,000
Value of intangible assets (Premiums and Goodwill) to be eliminated....	644,164,000
	<hr/>
Total tangible assets.....	Fl. 3,549,244,000
<i>Deduct</i> Loan Capital, Future Taxation and outside shareholders' interests....	991,668,000
	<hr/>
leaving Capital plus Surplus	Fl. 2,557,576,000
of which Preference Capital	808,724,000
	<hr/>
Ordinary Capital including Premium Reserves and Surplus.....	Fl. 1,748,852,000
Ordinary Capital	393,723,000
	<hr/>
	Fl. 1,355,129,000
Premiums on Capital issued, shown separately in the accounts.....	170,452,000
	<hr/>
Surplus, representing other reserves at the end of 1952.....	Fl. 1,184,677,000
	<hr/> <hr/>

It is emphasised that this change in the presentation of the accounts does not mean a deviation from the principle of basing depreciation on replacement value. Under the new conditions the charge for depreciation is based on the revalued fixed assets in full accordance with this principle. This charge replaces the previous lower figure for depreciation and the annual additions to the reserve for replacement, but if there were again a major degree of inflation it would undoubtedly entail a return to the setting aside of reserves for replacement of fixed assets.

ECONOMIC BACKGROUND

The revival in general trading conditions which began in the second half of 1952 continued throughout 1953, and for the world as a whole last year was probably the most prosperous since the war. National output increased significantly in almost every major country, and in contrast to previous years this recovery was not associated with increased inflationary pressure or with balance of payments problems. Notwithstanding a slight recession which began in the Autumn, American economic activity as a whole was again higher than in any previous year. This, and the maintenance of American aid, made the dollar problem recede somewhat into the background and enabled most other countries of the world to build up their gold and dollar reserves. Although generally in the western world expenditure on fixed capital investment and on defence increased during the year, the main stimulus to production came from increased consumer demand and from a desire to build up stocks.

After declining for more than two years, world commodity prices levelled off during the summer months of 1953 and in the last quarter of the year showed a modest, but marked, recovery.

The general improvement in economic conditions was reflected in a small decrease in taxation in various countries. In the Netherlands the corporation tax was reduced from 52% to 46%; in the United Kingdom income tax was lowered from 47 ½% to 45%; in Germany a concession was made on profits paid out in the form of dividend, total taxation being reduced from 76% to 65 ½%. In the United States excess profits tax came to an end on 31st December, 1953. Several other countries reduced taxation in various ways.

RESULTS

Details of the results are given in the Consolidated Profit and Loss Account (Statement A) and the figures therein should be considered in conjunction with the relevant notes.

Trading conditions in general have been favourable and the Group's results satisfactory. The money turnover, which was the largest so far attained, exceeded Fl. 13,900,000,000. Revenue from trading amounted to Fl. 654,125,000, which compares with Fl. 411,788,000 for 1952. The best result previously recorded was Fl. 573,849,000 in 1951. Taxation for the year was Fl. 359,249,000 and the Consolidated Net Profit Fl. 274,001,000. The comparable figure for 1952 was Fl. 222,769,000, but this included Fl. 19,761,000 written back from the reserves for stocks and Fl. 52,025,000 exceptional and non-recurring profits. The application of the usual principle of eliminating from the net results fortuitous profits or losses due to price variations in oils and fats, does not lead to any changes in the stock reserves at 31st December, 1953.

The proposed appropriations of the profits of the parent companies are shown this year as part of the Consolidated Profit and Loss Account (Statement A). Interim dividends in respect of the year 1953 of 5¼% on the Ordinary capital of N.V. and 6% less income tax on the Ordinary stock of LIMITED were paid on 10th December last, when the Directors also announced that it was their intention to recommend that the total dividends in respect of 1953 should be 14% for N.V. and 15¾% for LIMITED (12% and 13½% in respect of 1952). Accordingly they now propose that final dividends of 8¾% should be paid on the Ordinary capital of N.V., and 9¾% less income tax on the Ordinary stock of LIMITED, both payable on 14th June, 1954. The total dividends recommended on the respective Ordinary capitals are equivalent in value under the terms of the Equalisation Agreement. After payment of the above dividends an amount of Fl. 191,185,000 remains to be added to the surplus.

The volume of sales and the profits earned in 1954 so far have been satisfactory.

SURPLUS, REPRESENTING PROFITS RETAINED IN THE BUSINESS

As a result of the changes in the accounts following the revaluation of fixed assets and the elimination of the item Premiums and Goodwill, the surplus of the Group on 31st December, 1953, amounted in total to Fl. 1,378,142,000. This amount is represented by the surplus at 31st December, 1952, of Fl. 1,184,677,000 referred to above, the amount retained out of the profits of the year, Fl. 191,185,000, and a conversion difference of Fl. 2,280,000 owing to the guilder equivalents of LIMITED's figures having been calculated at the rate of £ 1 = Fl. 10.61 at 31st December, 1953, and at £ 1 = Fl. 10.58 at 31st December, 1952.

As already indicated, the surplus does not include the Premiums on Capital issued by N.V. and LIMITED of Fl. 83,795,000 and £ 8,191,000 respectively, the same figures as at 31st December, 1952, or Fl. 170,697,000 in total at the rate at 31st December, 1953.

REVIEW OF OPERATIONS

RAW MATERIALS

It is appropriate to begin with a brief survey of the world position of our principal raw materials, oils and fats, and to consider first of all conditions in the United States.

Under their policy of supporting prices of agricultural produce, the United States Government had by the early part of 1953 accumulated over 400,000 tons of crude and refined cottonseed oil out of the 1952 crop, and announced that they would not sell in the domestic market at less than the equivalent of $15\frac{5}{8}$ cents per lb. for the crude oil. As this price was well above the market, the effect of the announcement was that this quantity was temporarily withheld from American buyers. This gave rise to fears that the total available supply of oils and fats might not be sufficient.

In fact, the supplies of soya bean oil produced from the very large soya bean crop of 1952 were sufficient to overcome the artificial shortage caused by the Government's holding back cottonseed oil. The price of soya bean oil, though undoubtedly higher than if the Government had marketed their cottonseed oil, was low enough to enable consumers to avoid purchasing cottonseed oil from the Government. As a result, when cottonseed oil from the 1953 crop came on to the market in about September, the Government had been unable to reduce their holdings appreciably.

The Government, in pursuance of their support policy, offered to take 1953 cottonseed oil, cottonseed meal and linters from the crushers at a price which gave the latter a fair profit. Under this arrangement the Government had purchased well over 100,000 tons of crude and refined cottonseed oil when the position changed. The rise in the value of cottonseed meal made it more profitable for crushers to market their own products than to sell to the Government, and they were selling cottonseed oil on the open market at the end of the year at about 13 cents per lb. The Government holdings at the end of 1953 were considerably in excess of 500,000 tons, or about 10 per cent. of all oils and fats entering world trade in 1953. The Government have amended their minimum selling price of crude cotton oil to 15 cents per lb. applicable up to 1st September, 1954. Although unwilling to sell below this price in the United States, the Government, since the end of the year, have been ready to do so for the export market and have been selling refined cottonseed oil to European and other buyers at the equivalent of about $11\frac{1}{2}$ cents per lb. for crude. 12,000 tons of refined oil were sold in this way to the Ministry of Food in the United Kingdom, 13,000 tons to the Netherlands Government, and there have been sales to various private buyers. After all these sales, however, it is estimated that the Government holding of cottonseed oil at the end of March, was still about 450,000 tons.

If support policies are to be accepted as necessary, it is regrettable that the produce accumulated as a result is not sold in a realistic manner; the existence of immense stocks which must one day be brought into the market creates much uncertainty not only in the United States but throughout the world.

The continued increase in the production of synthetic detergents resulted in a very low price for American tallow, but in August sustained demand for export led to a slow but continuous rise in price.

In Europe an outstanding feature has been the firm demand for copra and coconut oil, as a result of smaller shipments from the countries of origin, where production declined and local consumption increased.

The following table illustrates the price movement of the principal raw materials.

	Jan. 1953	March/April 1953	Mid 1953	Dec. 1953
	£	£	£	£
Straits Copra	86	94	71	90
Palm Oil	78	82	62	78
Whale Oil	70	85	69	80

During the last few months of the year markets were generally firm, no doubt because of the increased consumption of margarine on the Continent of Europe, especially in Germany, and also because of demand from countries behind the Iron Curtain.

In the Netherlands and the United Kingdom the purchase of raw materials, with some minor exceptions, remained in Government hands. In the United Kingdom it has been returned to private enterprise for importation from 1st June, 1954, and it is expected that similar arrangements will shortly be made in respect of the Netherlands.

FINANCE AND CAPITAL EXPENDITURE

The liquid position of our companies was further strengthened in 1953. Despite the increased demands arising from the de-control of animal feeding stuffs and linseed in the United Kingdom around the middle of the year, working capital requirements generally were unchanged. Expenditure on fixed assets for the year amounted to Fl. 227 million as compared with some Fl. 280 million in 1952. Most of the projects enumerated in our previous reports have been completed, and others will come into operation some time during the current year. Projects involving capital expenditure of just over Fl. 212 million were approved during 1953, Fl. 32 million more than in 1952. As usual, a considerable part of this expenditure was for normal replacement or minor development (for example, Fl. 29 million was for replacement of motor vehicles) but the following projects of major importance were included:

	Fl.
Extension of synthetic detergents plant at Toronto, Canada	2,653,000
Additional synthetic detergents plant at Aubervilliers, France	3,660,000
Additional synthetic detergents plant at Harburg, Germany	1,305,000
Plant for soap and synthetic detergent powders at Vienna, Austria.....	1,729,000
Petroleum catalyst plant extension at Warrington, England	3,183,000
Extension of margarine plant at Bromborough, England	1,252,000
Margarine equipment for various factories in Germany	1,348,000
Meat factory for T. Wall & Sons at Godley, England.....	6,812,000
Plant for manufacture of soap powder at Croix-Sainte, France	1,411,000
Solvent extraction plant at Fredrikstad, Norway	4,318,000
Extension of factory for artificial cream at Lahti, Finland	1,209,000
Warehouse at Los Angeles, U.S.A.	3,671,000
Mechanical stacking equipment for Lipton at Hoboken, U.S.A.	1,231,000
Tea-bagging machines for Lipton at Hoboken, U.S.A.	1,369,000
Garages for motor department, and flats at Abidjan, Ivory Coast	1,920,000
Buildings for Gailey & Roberts (motors and agricultural equipment) at Nairobi, Kenya.....	1,061,000

The decontrol of oils and fats and the manufacture and sale of branded margarine and cooking fats in the United Kingdom and the decontrol of oils and fats purchases in the Netherlands during 1954, will increase the demands upon our financial resources : for the United Kingdom this increase will amount to some £ 15 million. For the Netherlands, however, the amount involved will be small in view of the fact that we are already financing a considerable part of the raw materials used by us, although purchased by the Government, and the additional amount required will be considerably less than the money received from our German subsidiary companies early in 1954 in payment for large quantities of raw materials supplied to them towards the end of 1953.

As conditions are, we consider our present liquid position as satisfactory.

TURNOVER

Turnover figures for 1953, excluding those of the United Africa Group, are given below. In line with the general improvement in trade, sales of our principal products increased in volume to such an extent that although prices in many cases were lower, their money value was greater than in 1952.

	1951 Fl.	1952 Fl.	1953 Fl.
Europe	7,939,334,000	7,773,115,000	8,525,241,000
North and South America	1,631,538,000	1,577,616,000	1,619,755,000
Africa, Middle East and Australasia	341,544,000	403,722,000	465,959,000
Orient, excluding China	624,366,000	612,571,000	661,894,000

MARGARINE AND OTHER EDIBLE FATS

Increased prosperity and the high price of butter made the demand for margarine greater than ever before. In the United States more butter was produced than could be consumed at the prevailing high prices. The American Government, in pursuance of its policy of supporting prices, accumulated large stocks of this commodity and is having considerable difficulties in disposing of them.

Our sales of margarine and edible fats were as follows :

1951	1952	1953
1,167,000 tons	1,259,000 tons	1,301,000 tons

The increase in 1953 was achieved in spite of the fact that in the United Kingdom as manufacturers for the Government, we produced some 27,000 tons less than in 1952. This reduction was beyond our control since rationing and subsidised pricing continued throughout the year both for butter and margarine. However, with freedom restored to the margarine industry on 8th May, 1954, and the reintroduction of our own brands of greatly improved quality, we expect increased demand for our margarine in the United Kingdom. In the year under review many years' work in our research departments in Holland and in England have successfully culminated in new discoveries enabling us greatly to improve the quality and taste of our margarine. These discoveries were applied for the first time last November when we introduced in Belgium a new brand of margarine under the name of Planta. The reaction of the consumer has been very favourable. Sales of this new margarine were well above estimates and have materially contributed to a general increase of margarine sales in Belgium.

In the beginning of 1954 we similarly improved quality in the Netherlands and introduced a superior Blue Band and it is intended to do the same with our pre-war brand Stork in the United Kingdom as from 8th May.

Sales increased in every one of the eleven countries on the Continent of Europe where we produce margarine. The largest increases were in the Netherlands and in Germany and, to a lesser degree, in France.

In the Netherlands profits on margarine were small and there was no reasonable relationship between the volume of margarine sold and the profits earned.

Competition in Germany was extremely keen, and involved the giving away of presents on an excessive scale. More attention was often focused on the nature of the present than on the quality of the margarine. The trade in general has now recognised this as undesirable and the practice has ceased.

In January, 1953, a new factory, combined with an oil mill, was opened in Turkey. Results have been most encouraging and during the second half of the year the demand outran the capacity of the new factory. A small extension was made and the factory will be further considerably enlarged in the course of 1954.

In Austria fat rationing ended on 1st July, 1953, and our old and still well-known brand of margarine was reintroduced.

In Finland too, rationing came to an end on 31st December, 1953. In the course of the year the new margarine factory near Helsinki was completed and production was transferred there from the factory at Lahti.

Sales increased materially in Indonesia and Malaya and, in the United States, India, Canada, Australia and South Africa, they were maintained at about the 1952 tonnages, or slightly greater. The financial results of the sale of margarine in the United States continued to be poor and a loss was incurred.

On 1st October, 1953, we took a financial interest in and assumed managerial control of a company making edible fats in Nairobi. Our partners in this undertaking are the Colonial Development Corporation and the Government of Kenya's Industrial Management Corporation.

Of the new margarine factories mentioned in last year's Review, that in the Belgian Congo was completed during the year, and the Nigerian factory was opened in February, 1954.

SOAP AND OTHER DETERGENTS

In 1953 our sales of synthetic detergents increased considerably. Soap only just maintained its volume, decreases in some of the more sophisticated markets being compensated by expansion in the less developed ones.

Sales of all detergents increased considerably as appears from the following figures :

1951	1952	1953
1,217,000 tons	1,217,000 tons	1,311,000 tons

In considering these figures it should be remembered that a package of synthetic powder weighs less than a package of soap powder of equal detergency. Outstanding instances of increased tonnages were in France, Germany, Austria, Denmark, Canada, South Africa, Nigeria, Malaya and Indonesia.

Both in the Netherlands and in the United Kingdom volume of sales was up, the increase in the United Kingdom being due to the national distribution of the new synthetic detergent Surf. In several European countries, namely Italy, Sweden and Switzerland, new synthetics were launched. In many cases additional manufacturing facilities for these products have been or are being provided, resulting in considerable new capital outlay. Some of our old established brands did very well notwithstanding the new competition from synthetics. Outstanding was Persil—one of our brands for soap powder in the British Commonwealth and in France. It reached record sales in both the United Kingdom and in France.

Sales of toilet soaps also increased, especially in the United Kingdom, United States, Canada, Germany and Indonesia.

Prices of hard soaps, powders and toilet soaps were reduced in the United Kingdom. This was consequent on a reduction by the Government of their selling prices of oils and fats, aided in the case of toilet soap by a reduction in the rate of purchase tax.

In the United States the trading profit on soap and other detergents was approximately the same as in 1952. The sale of soap showed a further decline, although we maintained our share of this market. On the other hand we succeeded in obtaining a larger share in the synthetic detergent market. Side by side with our existing brands, Surf and Breeze, we introduced two new synthetic products, Rinso Detergent and Lux Liquid. The latter is a concentrated liquid sold in a metal container. It attained national distribution in the latter part of the year and had an excellent reception.

In spite of the increase in advertising expenditure necessitated by the introduction of so many new products and brands in various countries, the net result of this section of our business was considerably better than in 1952. Profits increased satisfactorily in the Netherlands, the United Kingdom, Belgium, France, Germany, Austria, Denmark, Norway and Finland. Overseas the outstanding examples of increased profitability, mostly resulting from increased sales were: Canada, South Africa, Malaya and Indonesia. Profits in Australia were up, although sales were only slightly above those for 1952, but it must be remembered that in 1952 the profits were abnormally bad because of delays in obtaining government approval for price adjustments.

In the United Kingdom the soap plant of Christopher Thomas at Bristol has been closed and its production transferred to our three main soap plants—Port Sunlight, Warrington and Silvertown, London. This step had to be taken in the interest of efficiency.

TOILET PREPARATIONS

Sales were as follows :

1951	1952	1953
Fl. 213,119,000	Fl. 301,371,000	Fl. 260,932,000

The sales picture for toilet preparations for 1953 is not quite as favourable as that for other commodities. The money value of sales in the United Kingdom was slightly above that for 1952, and on the Continent about 10% up. But the overseas sales were lower, partly due to the unusually high sales of toothpastes in 1952 in the United States where chlorophyll toothpaste had been introduced in March of that year and large quantities sold to stock up the trade, in addition to supplying day-to-day needs. Whilst in 1953 the retailers' sales of our toothpastes in the United States have remained very satisfactory, sales to the trade were bound to be lower. In the United States and Canada the introduction of a new type of product for permanent wave was unsuccessful. The profit of the Pepsodent Division of the American business in consequence decreased materially.

On 31st December, 1953, our American company sold its interest in the cosmetics business of Harriet Hubbard Ayer which, contrary to our hopes, had failed to fit well into their general organisation and had shown continuously unsatisfactory results since its acquisition some six years ago. The loss of Lever Brothers Company for 1953 was largely due to the operating loss of this business and the capital loss sustained on its disposal. There is little doubt that the sale of the Harriet Hubbard Ayer business has been at the bottom of persistent rumours that Unilever wished to dispose of its interests in Lever Brothers Company. There has never been any such intention.

Profits from our growing toilet preparations business in countries other than the United States were satisfactory, particularly in the United Kingdom and Indonesia. In the latter country sales exceeded those of any previous year.

FOODS

Sales were as follows :

1951	1952	1953
Fl. 1,024,930,000	Fl. 1,141,847,000	Fl. 1,180,172,000

The main groups falling under this heading can best be reviewed separately.

TEA

Tea sales were a record, improvement being clearly marked in the United States, Canada and New Zealand. Of these three countries our largest tea business is in the United States where both the total market and our share of it are increasing. Profits in that country are equally satisfactory. In Australia, Government control hampers our business.

DRIED SOUPS

Here too record sales were achieved. In the United States and Canada our share of the total market is considerable and any further increase in turnover can best be attained by introducing more varieties. A great deal of development work is being done not only in these two large markets, but also in Europe. Our position in the Netherlands and Belgium is very strong and in France, Denmark and Sweden our trade is expanding. The United Kingdom is the only country where sales have been disappointing. Profits were satisfactory, except in the United Kingdom and Sweden. In the Netherlands a new factory has been built exclusively for the manufacture of dried soups.

ICE CREAM

The largest single market in which we operate is the United Kingdom where T. Wall & Sons are the leading producers. Their sales were slightly below the record year of 1952, and profits have remained below the 1951 high level. In Germany, our business is expanding and earned a modest profit. In the American and Canadian markets an ice-dessert is being sold under the brand name Frostee.

MEAT AND MEAT PRODUCTS

The Netherlands and the United Kingdom are the two countries where we have a major interest in these products. In both markets sales are steadily increasing and profits are good. In the Netherlands the Unox factory in Oss is too small, and various sections of it are being expanded. Capacity in the United Kingdom is also getting short and a new factory, mentioned in the capital expenditure projects listed above, is to be built.

FISH

Our main interests lie in the United Kingdom (MacFisheries and Smethursts) and Germany. Sales in both countries were good, as were profits in the United Kingdom, though below those for 1952. In Germany profits were well up but the yield on capital is not particularly good because of the large amount invested in trawlers.

CANNED AND FROSTED FOODS

Sales in the United Kingdom were a record. Profits of Batchelors' canning business were satisfactory. The Birds Eye frosted food profits were temporarily reduced by the running-in costs of a third factory at Kirkby, near Liverpool, which only came into production in May 1953. The benefit of the increased capacity will be felt in 1954. Birds Eye in Canada and New Zealand did well.

OTHER FOODS

In Germany our business in processed cheese developed well both in volume of sales and profits. In Finland the factory for artificial cream had record sales, but profits were slightly lower as a result of exceptionally high raw material prices. Since the margarine plant was moved from Lahti to Helsinki we are extending and modernising our factory at Lahti for the artificial cream business, which is an important line in Finland. Other businesses under this heading are engaged, in various countries, in the manufacture of mayonnaise, coffee substitute, jam, puddings and peanut butter. These are of minor importance but contribute to the general profits.

OIL, CAKE AND MEAL

In the Netherlands our factories were well employed and earned profits slightly in excess of those for 1952. Sales of cake were high early in the year and satisfactory exports kept stocks of cake low. Later in the year sales slowed down, mainly because of mild weather.

In the United Kingdom, the outstanding event was the de-control of animal feeding stuffs on 1st August. Our sales of compound feeding stuffs were a record and showed a satisfactory increase over those for 1952; profits rose accordingly. Seed crushing, oil refining and hardening operations continued under Ministry of Food control throughout the year and the tonnage remained at the low level of recent years. These operations are to be de-controlled in 1954.

In Germany and France our factories did very much better than in 1952 and in Finland the refinery showed good results. In Norway, too, profits were much better than in 1952 and a new plant was opened at Fredrikstad for processing off-quality oils and refinery residues by a new method which promises good results.

OTHER INTERESTS

UNITED KINGDOM

The chemical business of Joseph Crosfield & Sons Limited prospered. Its plant for the production of petroleum cracking catalysts worked at full capacity and is now being enlarged. The business of Price's (Bromborough) Limited in stearine, oleine and various chemical products also did well and showed considerable improvement on the previous year. John Knight's tallow business had a good year and so had its glue trade. The sale of synthetic vitamins made a satisfactory contribution to our profits and sales of glycerine were profitable in spite of output being lower as a consequence of the growth in synthetic detergents.

GENERAL

Profits in Germany were satisfactory, our factories in the printing and paper industry achieving particularly good results. In Denmark the factory making packaging materials did well and a printing works which is well suited to supplement the work of this factory was acquired. Other activities on the Continent produced good results, most of them better than in the previous year; these operations include transport, shipping and haulage in various countries and fat melting plants in France. In the latter country we acquired at the beginning of the year a factory producing chemicals for our synthetic detergents, which is proving a satisfactory investment.

EXPORTS

Exports both from the Netherlands and the United Kingdom were influenced by lower prices and increasing competition.

Our exports from the Netherlands of edible fats to United Kingdom processors were reduced materially by import restrictions, but this reduction has been outweighed by increased exports of margarine and edible fats to other Continental and overseas markets. Exports of meat products, particularly of hams to the United States and Unox luncheon meat to the United Kingdom, showed a very satisfactory development.

The value of our exports from the United Kingdom again rose; soap, margarine and toilet articles each showed increases which ranged from 2% to 6%. Exports from food processing factories, although still modest, were almost doubled.

Total exports from the Netherlands and from the United Kingdom including exports by the United Africa Group, were as follows:—

	1951	1952	1953
Netherlands	Fl. 250,008,000	Fl. 236,156,000	Fl. 240,126,000
United Kingdom	Fl. 397,883,000	Fl. 422,195,000	Fl. 433,121,000

THE UNITED AFRICA GROUP

The general decline in world commodity prices which, with certain exceptions, had continued throughout 1952, stopped in 1953 and towards the end of the year prices began to rise again.

West African cocoa, which had been one of the exceptions to the general movement in 1952, rose sharply towards the end of the year, from around £ 250 a ton to £ 350, the latter being, at the time, a record high price.

There was a spectacular rise in the price of coffee in the concluding weeks of 1953, caused, at least in part, by reports of reduced crops in Brazil.

These price movements in cocoa and coffee did not affect our results in the calendar year 1953.

In Nigeria, the prices paid by the Marketing Board for palm oil and palm kernels were a little lower than in 1952. In the season 1953/4 the price of groundnuts was nominally unchanged, but the imposition of a sales tax in Northern Nigeria reduced the price to the farmer by £ 1 per ton. For cocoa the price in Nigeria was similarly maintained at the previous season's

figure, but the new sales tax reduced the producer's income by £ 4 per ton. In the Gold Coast, the price paid to the producer for cocoa in the season 1953/4 was a little higher than in the previous season.

Government and development expenditure tended to be lower in the French territories. In British West Africa—partly, no doubt, because of development funds made available by the Marketing Boards, and partly because of the large funds accruing to Government by way of export duties on high-priced crops such as cocoa—Government expenditure showed no signs of abatement, and increasing sums were spent on development.

The volume of currency in circulation in British West Africa was 6% higher in June 1953 than a year earlier; in French territories it rose by 5% over the same period and in the Belgian Congo by 11%.

Total marketings in West and Equatorial Africa of groundnuts, palm oil, palm kernels and cocoa remained very much on the same level as during 1952; cocoa alone was some 58,000 tons less, but increased tonnage of other produce made up for this.

The total value of merchandise sales and produce handled and services supplied by the United Africa Group in all territories was Fl. 2,628 million, the same as in 1952. Merchandise sales, at Fl. 1,498 million, were 4% higher than in the previous year, and the sales value of produce was 5% lower at Fl. 1,041 million.

BRITISH WEST AFRICA

MERCHANDISE

In 1953, supplies of merchandise for the British West African market were generally available in greater quantity and variety than in previous years. Total sales were about 6% higher, but prices declined gradually during the year. Profit margins on the whole were maintained—though demand was patchy—and total gross profit was a little higher. Expenses however showed an increase of 10% and as a consequence the net trading profit was about the same as in the previous year.

In the Gold Coast the demand for textiles was maintained, but in Nigeria the market became increasingly difficult and, with supplies of textiles abundant, remained overstocked in the early part of the year. An important contributing factor was an increase in recent years in the number of importers in Nigeria, important among whom were Indian importers and direct representatives of manufacturers.

PRODUCE

The most remarkable feature of the Group's produce business has been the continuing trend towards higher quality of palm oil in Nigeria. The incentive was provided by the Marketing Board's policy of paying high premiums for the better grades of oil. There was also a growing use of mechanical means of production, with the result that the total quantity of oil produced for export by Nigerian producers reached a record figure of over 200,000 tons, of which about one-half was of the highest quality. A large proportion of the mechanical means of production is supplied through the Buying and Engineering Departments of the Group.

In certain areas of British West Africa the Group's share of the produce market diminished. Local competition is even stronger in the produce business than in merchandise, and the support given by Government corporations to new local organisations is also more pronounced.

The splitting of Nigeria into regions is unlikely to provide any insuperable obstacles to the efficient conduct of the Group's business.

FRENCH TERRITORIES

MERCHANDISE

Although trading conditions were more difficult than in 1952, high priced stocks were disposed of in an intensified campaign, and the rate of stock turnover was greatly increased. The total value of sales was very little lower than in the previous year, but gross profit margins were much lower, and, with a rise in expenses, net profits were reduced. Towards the end of the year there were signs of recovery. As in British West Africa, an important feature of the market was the establishment of a large number of new importers, which created keener competition.

PRODUCE

The volume of produce handled by the Group was about the same as in 1952. As the French African export crops are disposed of in world markets, without the interposition of Marketing Boards, this produce business is attended by considerable risks. The number of buyers for export increased in 1953 and competition for produce was even more acute than in the past. Profits were rather lower.

BELGIAN CONGO

In the Belgian Congo, as in West Africa, boom conditions have ended and development expenditure and constructional work slowed down. Imports in 1953 were rather lower than the peak level of 1951-52. Sales of merchandise remained at their previous high level, but with lower profit margins. The stock position was much healthier, older surplus stocks having been disposed of in competition with new stocks obtained at lower prices.

RIVER FLEET AND LIGHTERAGE

The Group's transport departments in British West Africa, including the Niger river fleet and the various lighterage and transport branches, handled over 3,165,000 tons of cargo in 1953, a rise of 8% on 1952.

The Benue River season was a particularly difficult one and, although the bookings of cargo for the Benue season were higher than ever before, some of the cargo could not be delivered by river, and other means of transport had to be arranged.

The mechanisation of handling in the Group's port of Burutu was completed; handling costs were reduced and there was less damage to cargo.

The building of houses for African staff at Burutu continued, quarters for over 200 of the staff having been completed by the end of the year. A hospital was also completed.

A technical training school using existing premises was started with outstanding results. Appropriate housing for the pupils and construction work on new school rooms was well advanced by the end of the year.

One new river steamer and two 400 ton barges were put into commission at Burutu, and one diesel tug at Sierra Leone.

TIMBER OPERATIONS

There was some increase in demand for hardwoods during 1953, and although stronger competition was evident on the supply side, conditions were not quite so difficult as in 1952.

NIGERIA

Log production, at 146,000 tons, was 45% higher than in the previous year; production of sawn timber (26,500 cubic metres) was 13% higher. These increases in production were achieved with improved efficiency, and production costs were reduced.

The output of plywood was 8% higher, at 17,000 cubic metres. Selling prices were satisfactory. At Sapele work was begun on the construction of a second deepwater wharf and of extensions to the existing wharf.

GOLD COAST

Production of logs (87,000 tons) and sawn timber (28,500 cubic metres) were both higher than in 1952 by 12% and 22% respectively. The opening up of new forest areas suffered a set-back through early and continuing rains. Production has not yet reached the planned level and the operation remains unprofitable. Steps taken towards the end of the year are expected to improve production, with a consequent reduction in costs to an economic level.

PLANTATIONS

The total area of the Group's plantations increased from 56,778 hectares to 58,213 hectares.

Production from the oil palm plantations in the Belgian Congo, Nigeria and the British Cameroons continued to make progress. The plantation oil mills in the Congo produced 56,600 tons of palm oil, and those in Nigeria and the Cameroons a little over 10,000 tons. Both are record figures.

On the oil palm estate in Malaya production at a little over 2,600 tons was 22% higher than in 1952. Public security in the area at first improved, following the trend throughout the territory; but later bandit activity flared up again, and inevitably production slowed down.

Rubber production from the young estates in the Belgian Congo increased by 50%, bringing the combined output of the Nigerian and Congo estates to 3,000 tons.

The banana plantations in the British Cameroons gave satisfactory results, and the newly planted estate at Lobe gave its first yields.

The small cocoa plantation in the Belgian Congo is now maturing and entered its second year of yield.

In the field of research, long term investigations continue to yield worthwhile results. In the Belgian Congo, valuable new criteria have been established for the selection of high yielding oil palms in the nursery stage—a development which should have a considerable effect on future yields per hectare.

Work on the construction of several oil mills, a rubber factory and a cocoa drying factory in the Belgian Congo made good progress.

The two cattle ranches established in the Belgian Congo, mainly to provide red meat for the Group's African workers, are now making good progress, after a shaky start, and the successful crossing of two African species of cattle gives excellent promise for the future.

In 1953, the Group introduced a pension fund for African Staff in the Belgian Congo, on similar lines to the existing funds in West Africa. This is the first contributory fund to be introduced in the Congo and is established on an actuarial basis.

EAST AFRICA

MERCHANDISE

Shipping delays continued but supplies were more abundant in Kenya, where, because of the general adverse effect on trade of the political disturbances, results were disappointing. In Tanganyika, business was slack owing to the fall in the price of sisal, the principal export crop, but in Uganda steady progress was made.

Total sales were rather lower and though gross margins were maintained, expenses rose and net profits were reduced.

PRODUCE

In the first eight months of the year the tonnage of produce handled by the Group increased by more than 20% but fell below normal for the remaining months, because of a failure of the rains. Over the year the tonnage handled was 7% higher. Competition became more intense, but net profits improved.

MIDDLE EAST

In Iraq, government spending power was directed mainly to capital goods for irrigation schemes and other public works. The market for general goods was not noticeably affected, and our merchandise business was satisfactory.

The barley crop was good, exports reaching some 350,000 tons; our produce trade was more profitable than in previous years.

The Government terminated the arrangement whereby control of date exports had been held by a single firm, and sponsored the formation of a new company, The Iraq Date Trading Company, whose function is to market dates through the most advantageous channels in free competition. The Group's share of this trade was satisfactory.

Following the closing of our trading branch in Teheran early in the year, we have now withdrawn entirely from Iran.

Trading in Syria in 1953 was confined solely to cotton and wool, but results were disappointing and restrictions on the employment of foreigners are causing difficulties.

PALM LINE

In 1953 the new motor vessel built for the Palm Line and two new vessels belonging to another Unilever subsidiary began working with Palm Line, bringing the total operating fleet to 19 vessels.

Cargo carried in 1953 by Palm Line's own ships and chartered vessels totalled 1,376,000 tons, an increase of 12% on 1952. Time-charter rates on the whole remained fairly stable at the low levels they reached in the last few months of 1952.

In general the turnround of ships during the year was better than in 1952, particularly in United Kingdom ports. In West Africa, whilst there was some improvement from the better berthing facilities at Takoradi, the inadequate facilities at Nigerian ports continued to cause delay. The range of ports of discharge in the British Isles has been extended, and Palm Line vessels, in addition to their usual ports, have called at Barry, Ipswich, Belfast and Dublin.

RESEARCH

The year under review has been a very active year for the Unilever research organisation. Considerable progress has been made in two particular fields, margarine quality and synthetic detergents. Good progress has been made with the new research building in Vlaardingen which should be ready for occupation by the end of 1954, when research staff from Zwijndrecht will be moved to Vlaardingen and increased. The construction of a new research laboratory in London for toilet preparations was completed early in 1954. This will relieve the pressure on space at the Research Department at Port Sunlight.

While basic research is confined to the centres in the Netherlands, the United Kingdom and the United States, a great deal of experimental and development research is carried out in Unilever factory laboratories throughout the world.

PERSONNEL

The Unilever Companies Management Development Scheme has continued to operate satisfactorily. Both in the Netherlands and in the United Kingdom more attention than ever is given to the recruitment of suitable men under this scheme, and their training has been subject to some revision which we believe should be an improvement. During the year many managers' courses and supervisors' courses have been organised on the basis of residential training. The results of these and of the residential courses organised for specialist staff, such as advertising experts and others, have been very satisfactory. Refresher courses have further contributed to general efficiency in management.

The medical services have been extended under general supervision of the principal medical officer. In the Netherlands, progress has been made with the organisation of a medical service under a newly appointed medical officer at head office Rotterdam.

During the year the expansion of the Unilever Pension and Provident Funds has continued and the value of their assets is now over Fl. 500 million. The total number of employees covered by the Funds has risen from 87,800 to 89,900. In addition, 3,800 employees were covered under schemes with insurance companies. The companies' contributions during the year amounted in total to Fl. 66,843,000 compared with Fl. 61,184,000 in 1952.

FLOOD DAMAGE

The disastrous floods early in 1953 both in the Netherlands and in the United Kingdom were referred to in last year's report. In both countries our staff rendered outstanding service fighting the floods, salvaging machinery and equipment and reinstating our factories. The damage in the three Dutch factories was partly borne by the Dutch Government. In the United Kingdom the greatest damage was suffered by the Purfleet margarine factory which was out of production for several weeks. The total damage which we sustained was of relatively minor importance financially.

MEMBERSHIP

It is not possible to give the number of N.V. shareholders as a large proportion of the share capital of that Company is represented by bearer scrip. At 31st December, 1953, the number of stockholders in LIMITED was 192,602.

DIRECTORS

The death of Mr. Frank Samuel in February last, a few weeks after he had reached the age of 65, was a great loss to the Group. It had been Mr. Samuel's intention to resign his active directorship, but we had hoped that his most valuable service would be available to the Group both as Chairman of The United Africa Company Limited and as an Advisory Director of LIMITED.

Another serious loss has been suffered through the sudden death this month of Mr. Roger Heyworth in Ceylon while on a business visit.

Mr. P. Rijkens has expressed the wish to resign his position as a Vice-Chairman of LIMITED, whilst remaining a Director of the two companies and Chairman of N.V. It is proposed to appoint Mr. F. J. Tempel to succeed him as a Vice-Chairman of LIMITED.

All the Directors retire in accordance with Article 15 of the Articles of Association, and offer themselves for re-election.

AUDITORS

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

ROTTERDAM, 22nd April, 1954.

ON BEHALF OF THE BOARD,

PAUL RIJKENS, *Chairman.*

GEOFFREY HEYWORTH, *Vice-Chairman.*

“PROGRESS”

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

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

TURNOVER OF N.V.

SUMMARY BY COMMODITIES

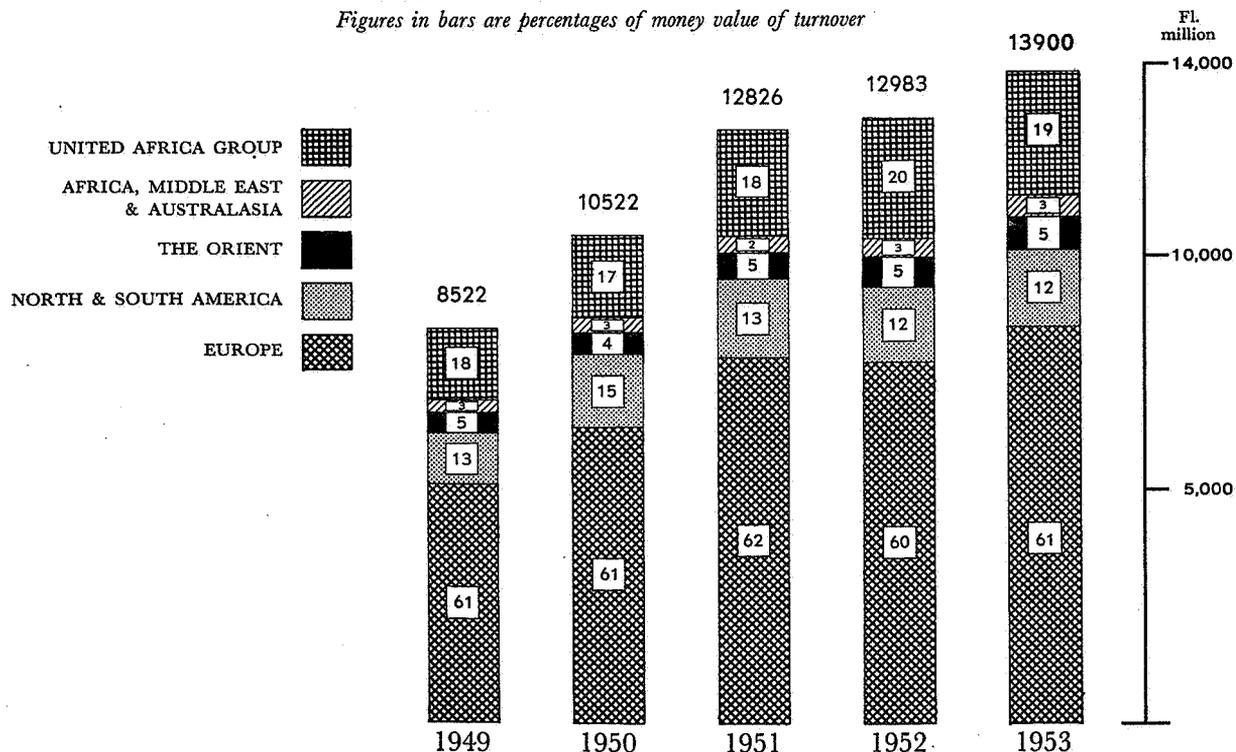
1952			1953	
Metric tons	Fl.		Metric tons	Fl.
1,259,000	1,918,990,000	Margarine, edible fats and salad oils	1,301,000	2,187,718,000
1,217,000	1,736,347,000	Soap and other detergents	1,311,000	1,932,622,000
	301,371,000	Toilet preparations, including perfumes		260,932,000
	1,141,847,000	Foods		1,180,172,000
3,054,000	3,704,270,000	Vegetable and animal oils and fats	3,293,000	3,898,570,000
2,705,000	950,317,000	Animal feeding stuffs	3,101,000	1,104,331,000
	493,218,000	Miscellaneous manufactures, including glycerine		608,611,000
	1,115,862,000	Produce (mainly tropical produce handled by the United Africa Group) including timber products		1,045,753,000
	1,460,442,000	Merchandise (mainly handled by the United Africa Group) ..		1,518,843,000
	160,594,000	Services (including ocean, river and road transport)		162,832,000
	<u>12,983,258,000</u>	TOTAL VALUE		<u>13,900,384,000</u>
	Fl.	Represented by:—		Fl.
	8,243,809,000	(a) Sales to third parties		8,999,307,000
	1,718,055,000	(b) Value of production in the United Kingdom for the Ministry of Food and for other manufacturers, and produce purchased for the West African Marketing Boards		1,713,674,000
	3,021,394,000	(c) Supplies of marketable products and services within the organisation		3,187,403,000
	<u>12,983,258,000</u>			<u>13,900,384,000</u>

Supplies of marketable products—for use as raw materials—and services by one industry to other industries within the organisation are included in order to provide a proper ratio of turnover to capital employed and profits earned.

In the case of production in the United Kingdom for the Ministry of Food and produce purchased for the West African Marketing Boards, a value has been included based on the Government controlled prices.

SPREAD BY GEOGRAPHICAL AREAS

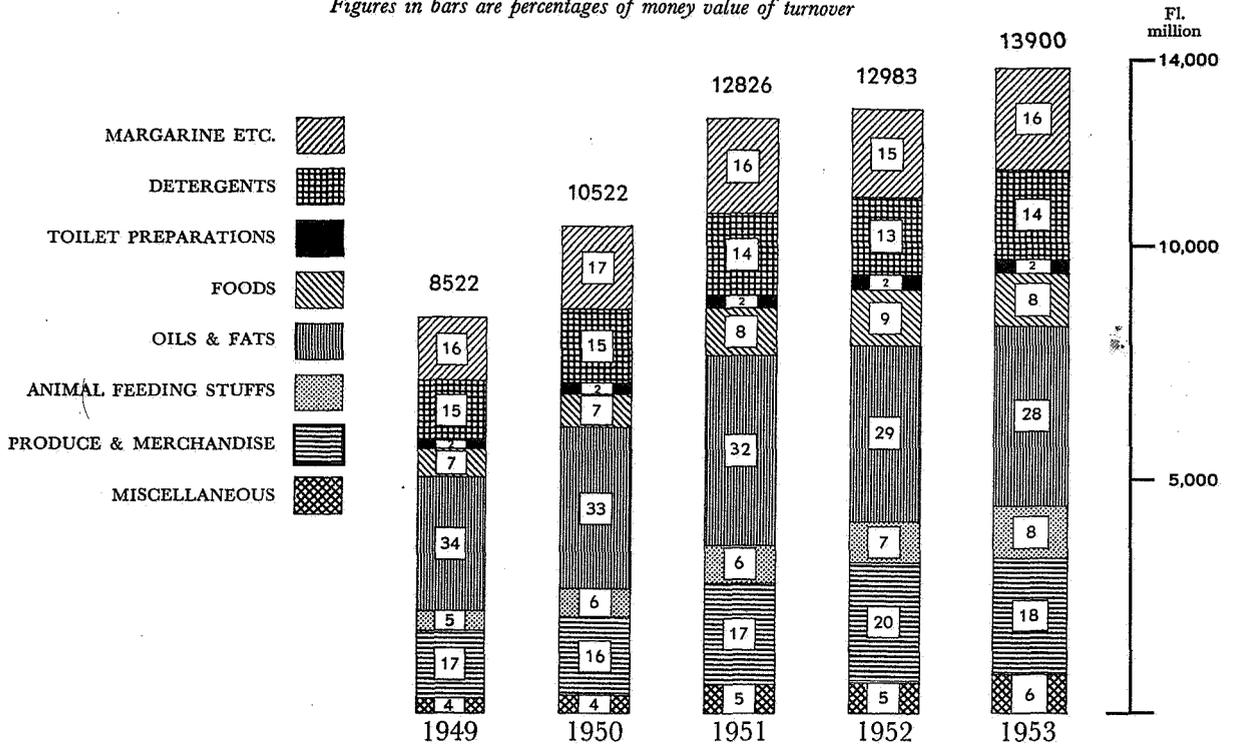
Figures in bars are percentages of money value of turnover



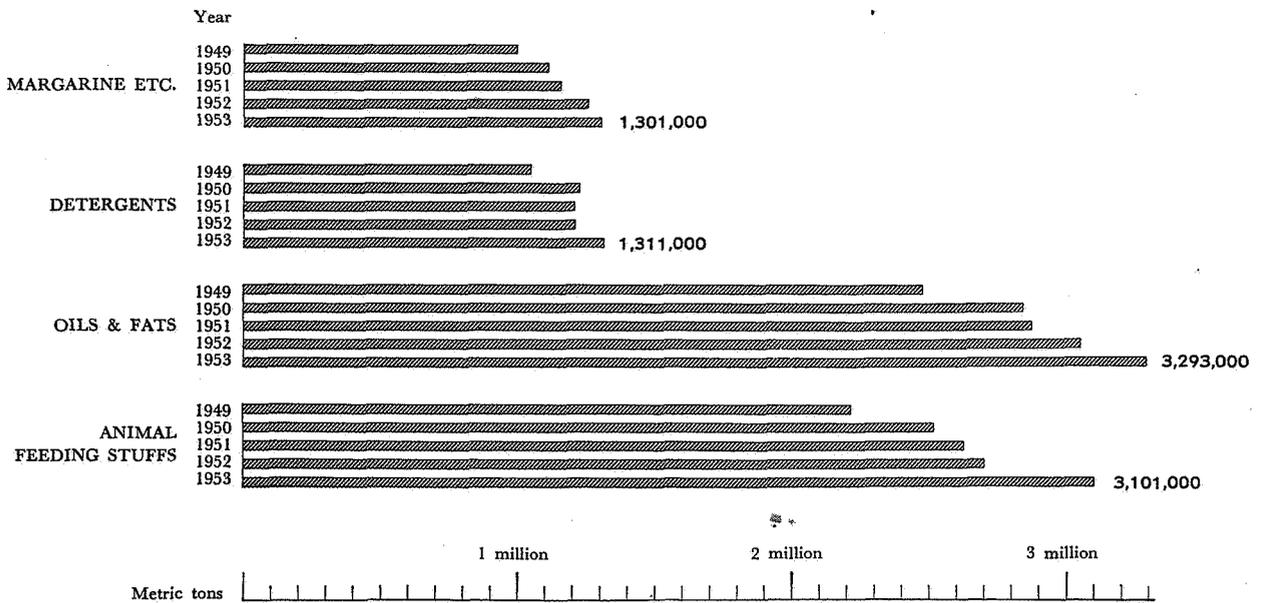
AND LIMITED GROUPS

ANALYSIS BY COMMODITIES

Figures in bars are percentages of money value of turnover



COMPARATIVE TONNAGES OF PRINCIPAL PRODUCTS



STATEMENT A

CONSOLIDATED PRO
UNILEVER N.V. AND UNILEVER

Figures in red

1952				1953		
N.V.	LIMITED	Combined		N.V.	LIMITED	Combined
Fl.	Fl.	Fl.		Fl.	Fl.	Fl.
144,521,000	267,267,000	411,788,000	(I) TRADING PROFIT.....	255,991,000	398,134,000	654,125,000
15,000,000	4,761,000	19,761,000	(II) RESERVES FOR STOCKS.....	—	—	—
2,105,000	7,975,000	10,080,000	(III) INCOME FROM TRADE INVESTMENTS.....	2,074,000	8,540,000	10,614,000
11,108,000	10,725,000	21,833,000	(IV) INTEREST ON LOAN CAPITAL.....	10,971,000	10,775,000	21,746,000
150,518,000	269,278,000	419,796,000	(V) PROFIT BEFORE TAXATION.....	247,094,000	395,899,000	642,993,000
84,915,000	149,751,000	234,666,000	(VI) TAXATION ON PROFIT OF THE YEAR INCLUDING FOREIGN TAXES.....	146,214,000	213,035,000	359,249,000
65,603,000	119,527,000	185,130,000	(VII) PROFIT FOR THE YEAR AFTER TAXATION.....	100,880,000	182,864,000	283,744,000
17,141,000	26,215,000	43,356,000	(VIII) EXCEPTIONAL ITEMS			
5,698,000	2,971,000	8,669,000	(a) Taxation adjustments—previous years..	8,243,000	1,199,000	9,442,000
6,836,000	7,550,000	14,386,000	(b) Other.....	6,181,000	2,846,000	3,335,000
81,606,000	141,163,000	222,769,000	(IX) AMOUNTS ATTRIBUTABLE TO OUTSIDE SHARE- HOLDERS' INTERESTS IN SUBSIDIARIES.....	8,154,000	7,696,000	15,850,000
11,578,000	45,995,000	57,573,000	(X) CONSOLIDATED NET PROFIT.....	94,788,000	179,213,000	274,001,000
—	21,847,000	21,847,000	(XI) PREFERENTIAL DIVIDENDS OF PARENT COM- PANIES.....	11,578,000	46,125,000	57,703,000
11,578,000	24,148,000	35,726,000	Less: United Kingdom income tax.....	—	20,756,000	20,756,000
70,028,000	117,015,000	187,043,000	(XII) PROFIT ACCRUING TO ORDINARY AND DEFERRED CAPITAL.....	11,578,000	25,369,000	36,947,000
25,803,000	24,448,000	50,251,000	(XIII) ORDINARY AND DEFERRED DIVIDENDS OF PARENT COMPANIES			
—	64,000	64,000	Ordinary (N.V. 14%; LIMITED 15 ³ / ₄ %)	30,102,000	28,604,000	58,706,000
—	11,257,000	11,257,000	Deferred.....	—	64,000	64,000
25,803,000	13,255,000	39,058,000	Less: United Kingdom income tax.....	—	12,901,000	12,901,000
44,225,000	103,760,000	147,985,000	(XIV) PROFIT RETAINED.....	30,102,000	15,767,000	45,869,000

represent deductions.

NOTES

(i) Trading profit has been ascertained after charging the following:—

1952			1953		
N.V.	LIMITED	Combined	N.V.	LIMITED	Combined
Fl.	Fl.	Fl.	Fl.	Fl.	Fl.
88,428,000	89,582,000	178,010,000	78,073,000	82,715,000	160,788,000
691,000	1,845,000	2,536,000	1,046,000	1,948,000	2,994,000
112,000	349,000	461,000	114,000	351,000	465,000
<u>89,231,000</u>	<u>91,776,000</u>	<u>181,007,000</u>	<u>79,233,000</u>	<u>85,014,000</u>	<u>164,247,000</u>

The provision for depreciation for 1952 included reserves for replacement of fixed assets N.V. Fl. 26,800,000, LIMITED Fl. 29,095,000, Combined Fl. 55,895,000. Comments on the comparative charges for 1953 and 1952 appear in the Report of the Directors.

Trading profit includes income from quoted investments N.V. Fl. 1,545,000 (Fl. 1,277,000), LIMITED Fl. 1,119,000 (Fl. 317,000).

(ii) As explained in the Report of the Directors no changes in the Reserves for Stocks were required in 1953.

(vi) In LIMITED, taxation comprises United Kingdom income and profits tax Fl. 203,591,000 less foreign tax relief of Fl. 64,544,000, and foreign taxes of Fl. 73,988,000.

(viii) Exceptional items, Other, are shown net and in N.V. the main charge is funding of pensions Fl. 6,063,000.

(xiii) The Equalisation Agreement provides that the relationship between the ordinary capitals of LIMITED and N.V., for dividend purposes and on liquidation, shall be based on a rate of £ 1 = Fl. 12.

(xiv) Profit retained is represented by additions to the balances in:

1952			1953		
N.V.	LIMITED	Combined	N.V.	LIMITED	Combined
Fl.	Fl.	Fl.	Fl.	Fl.	Fl.
6,423,000	28,683,000	35,106,000	8,403,000	36,584,000	44,987,000
37,802,000	75,077,000	112,879,000	44,705,000	101,493,000	146,198,000
<u>44,225,000</u>	<u>103,760,000</u>	<u>147,985,000</u>	<u>53,108,000</u>	<u>138,077,000</u>	<u>191,185,000</u>

GENERAL

The net profits of the Parent Companies, N.V. Fl. 50,083,000, LIMITED £ 7,325,000 (Fl. 77,720,000), include revenue from subsidiaries to the extent to which profits of direct subsidiaries have been declared as dividends. A number of direct subsidiaries are themselves holding companies. The results of these companies incorporate the results of their subsidiaries as if they had distributed all their profits to their holding companies. Dividends declared by direct subsidiaries may therefore be represented partly by dividends, including stock dividends, from their subsidiaries and partly by profits retained by those subsidiaries.

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

STATEMENT B

CONSOLIDATED
UNILEVER N.V. AND UNILEVER

Figures in red

31st December 1952			31st December 1953		
N.V.	LIMITED	Combined	N.V.	LIMITED	Combined
Fl.	Fl.	Fl.	Fl.	Fl.	Fl.
213,136,000	595,588,000	808,724,000	213,136,000	597,277,000	810,413,000
212,620,000	181,103,000	393,723,000	212,620,000	181,617,000	394,237,000
83,795,000	86,657,000	170,452,000	83,795,000	86,902,000	170,697,000
380,477,000	804,200,000	1,184,677,000	433,585,000	944,557,000	1,378,142,000
676,892,000	1,071,960,000	1,748,852,000	730,000,000	1,213,076,000	1,943,076,000
77,099,000	149,752,000	226,851,000	80,031,000	153,457,000	233,488,000
339,434,000	282,553,000	621,987,000	321,157,000	274,565,000	595,722,000
102,442,000	<i>102,442,000</i>	—	129,648,000	<i>129,648,000</i>	—
—	142,830,000	142,830,000	—	183,023,000	183,023,000
1,409,003,000	2,140,241,000	3,549,244,000	1,473,972,000	2,291,750,000	3,765,722,000
CAPITAL EMPLOYED			EMPLOYMENT OF CAPITAL		
(i) PREFERENTIAL CAPITAL—PARENT COMPANIES			(vii) LAND, BUILDINGS, PLANTATIONS, SHIPS, PLANT AND EQUIPMENT		
(ii) ORDINARY CAPITAL AND RESERVES			(viii) INTERESTS NOT CONSOLIDATED		
(a) Ordinary Capital—Parent Companies			(ix) TRADE INVESTMENTS		
(b) Premiums on Capital issued			FIXED ASSETS		
(c) Profits Retained in the Business			(x) CURRENT ASSETS		
ORDINARY SHAREHOLDERS' FUNDS—PARENT COMPANIES			(a) Stocks		
(iii) OUTSIDE SHAREHOLDERS' INTERESTS IN SUBSIDIARIES			(b) Debtors		
(iv) LOAN CAPITAL			(c) Investments		
(v) N.V./LIMITED INTER-GROUP ITEMS			(d) Cash and bank balances		
(vi) FUTURE UNITED KINGDOM TAXATION			(xi) CURRENT LIABILITIES		
(a) Creditors			(a) Creditors		
(b) Short term borrowings			(b) Short term borrowings		
(c) Taxation and contingencies			(c) Taxation and contingencies		
(d) Dividends			(d) Dividends		
NET CURRENT ASSETS			NET CURRENT ASSETS		
776,200,000	809,448,000	1,585,648,000	818,481,000	848,741,000	1,667,222,000
66,931,000	—	66,931,000	64,297,000	—	64,297,000
20,146,000	51,030,000	71,176,000	17,220,000	52,940,000	70,160,000
863,277,000	860,478,000	1,723,755,000	899,998,000	901,681,000	1,801,679,000
847,949,000	1,081,173,000	1,929,122,000	896,182,000	1,081,063,000	1,977,245,000
319,548,000	654,123,000	973,671,000	340,045,000	694,709,000	1,034,754,000
59,083,000	11,142,000	70,225,000	50,501,000	114,304,000	164,805,000
141,001,000	315,923,000	456,924,000	171,574,000	312,816,000	484,390,000
1,367,581,000	2,062,361,000	3,429,942,000	1,458,302,000	2,202,892,000	3,661,194,000
401,280,000	390,783,000	792,063,000	401,258,000	401,997,000	803,255,000
166,100,000	150,256,000	316,356,000	196,883,000	148,037,000	344,920,000
229,844,000	218,073,000	447,917,000	258,560,000	237,265,000	495,825,000
24,631,000	23,486,000	48,117,000	27,627,000	25,524,000	53,151,000
821,855,000	782,598,000	1,604,453,000	884,328,000	812,823,000	1,697,151,000
545,726,000	1,279,763,000	1,825,489,000	573,974,000	1,390,069,000	1,964,043,000
1,409,003,000	2,140,241,000	3,549,244,000	1,473,972,000	2,291,750,000	3,765,722,000

represent deductions.

NOTES

Foreign currencies have been converted into guilders or sterling at the rates ruling at the date of the balance sheets. As stated in the Report of the Directors this represents a change in treatment of fixed assets but all comparative figures shown for 1952 have been re-stated on the basis now applicable.

- (ii) The Equalisation Agreement provides that the relationship between the ordinary capitals of LIMITED and N.V., for dividend purposes and on liquidation, shall be based on a rate of £ 1 = Fl. 12.
Details of the changes made in the Reserves in arriving at the comparative figures for 1952 and of those arising in 1953 are set out in the Notes given on Statement C which also shows the composition of Profits Retained in the Business at 31st December, 1953.
The reserves of N.V. are subject to any losses that may arise on interests not consolidated Fl. 64,297,000 referred to under (vii) below.
- (iv) Loan Capital is secured to the extent of N.V. Fl. 24,091,000, LIMITED Fl. 258,333,000.
- (v) This is the net balance of several accounts and incorporates loans of £ 11,500,000 by the LIMITED Group to the N.V. Group which are secured on shares of subsidiaries of N.V.
- (vii) The comparative figures for 1952 reflect the changes made in accordance with the decisions on presentation of the accounts referred to in the Report of the Directors, including the revaluation of fixed assets, the adoption of the current rate of exchange for the conversion of the foreign currency values of fixed assets and the elimination of Premiums, less Discounts, at which shares in subsidiaries are held, including Goodwill. Details of these changes, the movements during the year 1953, and the composition of the net values at 31st December, 1953, are given on Statement D.
- (viii) This comprises interests in Czechoslovakia, Yugoslavia, Roumania, Poland, Hungary and China.
- (ix) This includes interests in companies in which 50% of the ordinary capital is owned, and other investments not held for sale.
The decrease in N.V. during the year arises mainly from eliminating interests in companies which have become subsidiaries during the year, and are now consolidated.
In LIMITED, trade investments are shown at net book value at 31st December, 1947, with additions at cost or valuation, less Fl. 1,063,000 written off.
- (x) Investments comprise — quoted, N.V. Fl. 50,098,000, LIMITED Fl. 86,004,000 — market value, N.V. Fl. 59,877,000, LIMITED Fl. 85,177,000 — and unquoted N.V. Fl. 403,000, LIMITED Fl. 28,300,000.
- (xi) Short term borrowings in N.V. are secured to the extent of Fl. 27,362,000.

GENERAL

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

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

The estimated commitments for capital expenditure at 31st December, 1953, were approximately — N.V. Fl. 32,000,000, LIMITED Fl. 53,000,000.

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

STATEMENT C

RESERVES

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

Figures in red represent deductions.

31st December 1952				31st December 1953		
N.V.	LIMITED	Combined		N.V.	LIMITED	Combined
Fl.	Fl.	Fl.	Premiums on Capital issued by the Parent Companies	Fl.	Fl.	Fl.
83,795,000	86,657,000	170,452,000		83,795,000	86,902,000	170,697,000
			Profits Retained in the Business:			
			Parent Companies	87,010,000	405,762,000	492,772,000
78,607,000	363,902,000	442,509,000	Subsidiaries	324,975,000	434,817,000	759,792,000
280,270,000	336,614,000	616,884,000	Stock Reserves	21,600,000	103,978,000	125,578,000
21,600,000	103,684,000	125,284,000		433,585,000	944,557,000	1,378,142,000
380,477,000	804,200,000	1,184,677,000				

NOTES

COMPARATIVE FIGURES AT 31ST DECEMBER, 1952.

The 1952 figures shown above give effect to the decisions referred to in the Report of the Directors relating to changes in the presentation of the accounts including the elimination from the Balance Sheet of the item "Premiums, less Discounts, at which shares in subsidiaries are held, including Goodwill." The relative adjustments to the reserves as shown in the accounts for 1952 are as set out below:—

	Total Fl.	Capital Fl.	Revenue (Profits Retained) Fl.
N.V.			
At 31st December, 1952.....	645,190,000	341,052,000	304,138,000
Transferred to Profits Retained		146,282,000	146,282,000
Conversion Differences	3,308,000		3,308,000
Applied to Premiums etc., and Goodwill.....	177,610,000	110,975,000	66,635,000
At 31st December, 1952, after adjustment:			
Premium Reserve	83,795,000	83,795,000	
Profits Retained	380,477,000		380,477,000
LIMITED			
At 31st December, 1952	1,160,118,000	328,114,000	832,004,000
Transferred to Profits Retained		223,797,000	223,797,000
Conversion Differences	2,864,000		2,864,000
Applied to Premiums etc., and Goodwill.....	266,397,000	17,660,000	248,737,000
At 31st December, 1952, after adjustment:			
Premium Reserve	86,657,000	86,657,000	
Profits Retained	804,200,000		804,200,000

The transfers from Capital Reserves to Profits Retained represent in N.V. and LIMITED the Fixed Assets Replacement Reserves and in LIMITED post-war refund of excess profits tax Fl. 8,987,000. As explained in the Report of the Directors it is not now necessary to add further amounts to these reserves and it is considered that the balances at 31st December, 1952, can be aggregated with the other reserves in Profits Retained in the Business.

MOVEMENTS ARISING IN 1953.

In LIMITED, the guilder equivalents brought forward from 1952 show increases of Fl. 245,000 and Fl. 2,280,000 in Premiums on Capital and Profits Retained respectively, as a result of converting sterling at £ 1 = Fl. 10.61 in 1953 against £ 1 = Fl. 10.58 in 1952. The Profits Retained in 1953 are shown on Statement A. In LIMITED there is an adjustment of Fl. 4,243,000 between the profits retained by the Parent Company and subsidiaries by reason of £ 400,000 bonus shares received from a subsidiary company.

LAND, BUILDINGS, PLANTATIONS, SHIPS, PLANT AND EQUIPMENT

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

Figures in red represent deductions.

1952				1953		
N.V.	LIMITED	Combined		N.V.	LIMITED	Combined
Fl.	Fl.	Fl.	COST OR VALUATION	Fl.	Fl.	Fl.
919,764,000	931,794,000	1,851,558,000	At 1st January	1,176,429,000	1,005,043,000	2,181,472,000
160,032,000	147,362,000	307,394,000	Expenditure	124,734,000	127,486,000	252,220,000
16,110,000	10,930,000	27,040,000	Proceeds of sales	13,610,000	11,181,000	24,791,000
18,490,000	10,799,000	29,289,000	Adjustments in respect of disposals	22,222,000	8,983,000	31,205,000
1,045,196,000	1,057,427,000	2,102,623,000	At 31st December	1,265,331,000	1,112,365,000	2,377,696,000
			DEPRECIATION			
308,072,000	326,980,000	635,052,000	At 1st January	392,445,000	193,357,000	585,802,000
1,628,000	60,487,000	122,115,000	Charged to revenue	78,073,000	82,715,000	160,788,000
2,163,000	17,442,000	39,077,000	Adjustments in respect of disposals	23,668,000	12,448,000	36,116,000
348,065,000	370,025,000	718,090,000	At 31st December	446,850,000	263,624,000	710,474,000
697,131,000	687,402,000	1,384,533,000	Surplus on revaluation and conversion differences			
79,069,000	122,046,000	201,115,000	NET BALANCE SHEET VALUES	818,481,000	848,741,000	1,667,222,000
776,200,000	809,448,000	1,585,648,000	DETAILS OF NET BALANCE SHEET VALUES			
			Land, Buildings and Plantations	364,013,000	397,085,000	761,098,000
339,759,000	378,045,000	717,804,000	Ships, Plant and Equipment	454,468,000	451,656,000	906,124,000
436,441,000	431,403,000	867,844,000		818,481,000	848,741,000	1,667,222,000
776,200,000	809,448,000	1,585,648,000				

NOTES

LAND, BUILDINGS, PLANTATIONS, SHIPS, PLANT AND EQUIPMENT.

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

The addition of Fl. 201,115,000 to the net value of fixed assets at 31st December, 1952 as shown above represents the surplus on revaluation of certain fixed assets at 1st January, 1953 and the effect of recalculating the guilder/sterling equivalent of fixed assets in foreign countries at the rates of exchange ruling on 31st December, 1952, as referred to in the Report of the Directors. The figures shown as the balances of cost or valuation and depreciation at 1st January, 1953 incorporate the effect of these changes and the consolidation of new subsidiaries and therefore differ materially from the corresponding figures shown for 31st December, 1952 before making those changes.

PREMIUMS, LESS DISCOUNTS, AT WHICH SHARES IN SUBSIDIARIES ARE HELD, INCLUDING GOODWILL.

This item, appearing in the Balance Sheet at 31st December, 1952 at N.V. Fl. 250,077,000, LIMITED Fl. 394,087,000, Combined Fl. 644,164,000, has been eliminated by the application of:

	N.V.	LIMITED	Combined
	Fl.	Fl.	Fl.
Surplus on revaluation of fixed assets and conversion differences after allowing for outside shareholders' interests and other adjustments	22,467,000	127,690,000	200,157,000
Reserves	177,610,000	266,397,000	444,007,000
	250,077,000	394,087,000	644,164,000

SUMMARY OF CONSOLIDATED FIGURES 1945—1953

N.V. and LIMITED Groups

(000's omitted)

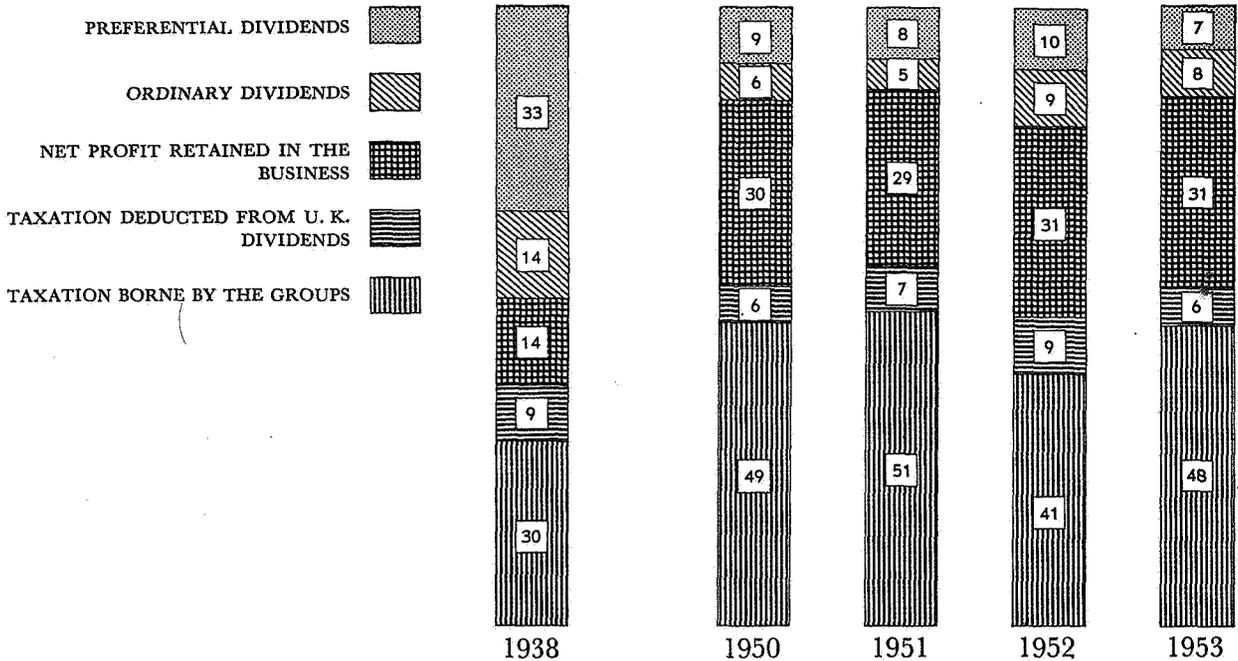
	1945	1946	1947	1948	1949	1950	1951	1952	1953
	Fl.	Fl.							
Preferential Capital	773,772	773,772	814,662	814,972	812,102	812,102	812,102	808,724	810,413
Ordinary Shareholders' Funds:									
Capital	314,855	315,753	316,003	316,003	315,320	315,320	394,750	393,723	394,237
Reserves	547,274	614,082	736,963	884,644	1,112,589	1,363,699	1,611,103	*1,355,129	1,548,839
Outside Shareholders' Interests	181,312	182,922	183,550	185,072	192,616	194,665	218,002	* 226,851	233,488
Loan Capital	131,615	109,796	111,205	194,925	360,183	473,107	622,877	621,987	595,722
Future United Kingdom Taxation	53,455	69,492	105,027	89,804	117,040	127,680	151,620	142,830	183,023
Total Capital Employed ...	2,002,283	2,065,817	2,267,410	2,485,420	2,909,850	3,286,573	3,810,454	*3,549,244	3,765,722
Turnover	3,285,857	3,618,882	5,124,324	6,601,778	8,521,544	10,521,576	12,825,956	12,983,258	13,900,384
Trading Profit	222,907	267,049	346,963	321,743	339,921	555,209	573,849	411,788	654,125
Taxation for the year	144,429	144,928	202,161	186,244	194,714	313,101	350,952	234,666	359,249
Consolidated Net Profit ...	83,930	88,391	91,003	111,814	208,333	204,573	200,433	222,769	274,001
Dividends:									
Preferential	30,102	33,800	36,327	37,141	37,019	37,019	35,863	35,726	36,947
Ordinary and Deferred ..	11,645	23,373	23,395	23,395	23,358	31,002	31,003	39,058	45,869
Profit Retained	42,183	31,218	31,281	51,278	147,956	136,552	133,567	147,985	191,185
Profit in relation to Ordinary Shareholders' Funds:	%	%	%	%	%	%	%	%	%
Distributed	1.4	2.5	2.2	1.9	1.6	1.8	1.5	* 2.2	2.4
Retained	4.9	3.4	3.0	4.3	10.4	8.1	6.7	* 8.5	9.8

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

N.V. AND LIMITED GROUPS

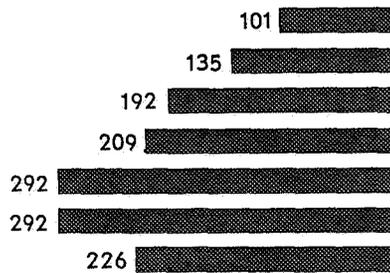
DIVISION OF PROFITS

Figures in bars are percentages

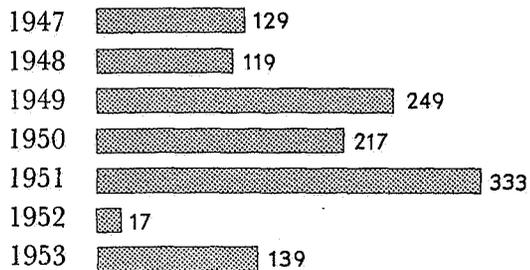


For this chart, stock reserves are treated as profits retained

EXPENDITURE EACH YEAR ON FIXED ASSETS IN FL. MILLION



ADDITIONS EACH YEAR TO WORKING CAPITAL IN FL. MILLION



TOTAL LAST SEVEN YEARS FL. 2650 MILLION



HOW THIS FINANCE WAS PROVIDED



Share & Loan Capital

Depreciation

Profits Retained

25% NEW MONEY

75% FROM EARNINGS

STATEMENT E

U N I L E
BALANCE SHEET AT
Figures in red

1952		CAPITAL EMPLOYED		
Fl.	Fl.	Fl.	Fl.	Fl.
		<i>Authorised</i>	<i>Issued and fully paid</i>	
		(I) PREFERENTIAL CAPITAL		
	29,000,000	7% Cumulative Preference } <i>Ranking</i>	30,000,000	29,000,000
	109,136,000	6% Cumulative Preference } <i>pari</i>	125,000,000	109,136,000
	75,000,000	4% Redeemable Cumulative Preference } <i>passu</i>	75,000,000	75,000,000
213,136,000			<u>230,000,000</u>	213,136,000
		(II) ORDINARY CAPITAL AND RESERVES		
	215,020,000	ORDINARY CAPITAL	<u>300,000,000</u>	215,020,000
	83,795,000	PREMIUMS ON CAPITAL ISSUED		83,795,000
	78,607,000	PROFITS RETAINED IN THE BUSINESS		<u>87,010,000</u>
377,422,000				385,825,000
		(III) LOAN CAPITAL		
	74,960,000	3½% Convertible Notes		74,960,000
		(IV) INDEBTEDNESS TO LIMITED GROUP		
23,691,000				23,695,000
689,209,000				697,616,000
EMPLOYMENT OF CAPITAL				
		(V) INTERESTS IN SUBSIDIARIES		
	256,575,000	Shares at cost	256,621,000	
	455,564,000	Advances	498,534,000	
	712,139,000	<i>Less: Deposits</i>	<u>16,457,000</u>	
698,114,000				738,698,000
		(VI) CURRENT ASSETS		
	2,216,000	Debtors and payments in advance (Fl. 478,000)	2,672,000	
	7,024,000	Investments	5,300,000	
	34,551,000	Cash and bank balances	<u>16,923,000</u>	
	43,791,000			24,895,000
		(VII) CURRENT LIABILITIES AND PROVISIONS		
	8,740,000	Creditors and accrued liabilities	13,311,000	
	22,041,000	Taxation and contingencies	28,063,000	
	21,915,000	Dividends, due or proposed	<u>24,603,000</u>	
	52,696,000			<u>65,977,000</u>
8,905,000				41,082,000
689,209,000				697,616,000

ON BEHALF OF THE BOARD,

PAUL RIJKENS *Chairman*GEOFFREY HEYWORTH *Vice-Chairman*

31st DECEMBER 1953

represent deductions.

NOTES

- (I) The 4% Redeemable Cumulative Preference Capital is redeemable at par at the Company's option either wholly or in part after 31st December, 1955.
- (II) Fl. 1,200,000 Ordinary Capital is held by a subsidiary of N.V. and Fl. 1,200,000 by a subsidiary of LIMITED.
The surplus on valuation in 1939 of shares in subsidiaries Fl. 56,023,000 previously included in Capital Reserves, has been applied against the value of shares in subsidiaries.
Profits Retained in the Business at 31st December, 1952, comprise the former Revenue Reserves. The increase during the year represents the sum retained out of the profits of the year as shown on Statement A.
The Company's reserves are subject to any provisions which may be required against interests in Czechoslovakia, Yugoslavia, Roumania, Poland, Hungary and China held by subsidiaries at a book value of Fl. 64,297,000.
- (III) The Notes are convertible into ordinary capital at the holders' option at a rate to be arrived at in accordance with the terms of issue.

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

GENERAL

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

Foreign currency balances have been converted at the rates ruling at the date of the balance sheet.

STATEMENT F

UNILEVER
BALANCE SHEET AT

Figures in red

1952		CAPITAL EMPLOYED			
£	£		£	£	£
		(I) PREFERENTIAL CAPITAL	<i>Authorised</i>	<i>Issued and fully paid</i>	
	35,984,690	7% Cumulative Preference } <i>Ranking</i>	35,984,690	35,984,690	
	2,360,000	5% Cumulative Preference } <i>pari passu</i>	4,015,310	2,360,000	
	15,661,749	8% Cumulative A Preference	40,000,000	15,661,749	
	2,287,312	20% Cumulative Preferred Ordinary	2,287,312	2,287,312	
56,294,000	56,293,751		82,287,312	56,293,751	56,294,000
		(II) ORDINARY AND DEFERRED CAPITAL AND RESERVES			
		CAPITAL			
	17,117,510	Ordinary	59,031,438	17,117,510	
	100,000	Deferred	100,000	100,000	
	17,218,000		59,131,438	17,218,000	
	8,191,000	Premiums on Capital issued		8,191,000	
	38,395,000	Profits Retained in the Business		42,243,000	
63,804,000					67,652,000
		(III) LOAN CAPITAL			
	10,000,000	3 ³ / ₄ % Debenture Stock, 1955/75 } <i>Ranking</i>		10,000,000	
	14,000,000	4 ⁰ / ₀ Debenture Stock, 1960/80 } <i>pari passu</i>		14,000,000	
24,000,000					24,000,000
1,500,000		(IV) FUTURE UNITED KINGDOM TAXATION			2,200,000
145,598,000					150,146,000
<i>13,209,000</i>		(V) <i>Less: INDEBTEDNESS OF N.V. GROUP</i>			<i>13,016,000</i>
132,389,000					137,130,000
		EMPLOYMENT OF CAPITAL			
£	£	(VI) FIXED ASSETS	£	£	£
			<i>Cost or Valuation</i>	<i>Depreciation</i>	
	3,071,000	Land and buildings	3,057,000	64,000	2,993,000
	735,000	Plant and office equipment	894,000	73,000	821,000
	3,806,000		3,951,000	137,000	3,814,000
	2,978,000	Trade investments			3,065,000
6,784,000					6,879,000
		(VII) INTERESTS IN SUBSIDIARIES			
	93,261,000	Shares			95,104,000
	47,396,000	Advances			45,410,000
	140,657,000				140,514,000
	26,729,000	<i>Less: Deposits</i>			30,105,000
113,928,000					110,409,000
		(VIII) CURRENT ASSETS	£		
	469,000	Debtors and payments in advance	379,000		
	16,827,000	Investments	9,595,000		
	17,296,000	Cash and bank balances	15,439,000		
					25,413,000
		(IX) CURRENT LIABILITIES			
	1,419,000	Creditors and accrued liabilities	1,507,000		
	560,000	Short term borrowings			
	1,695,000	Taxation	1,947,000		
	1,945,000	Dividends (net) due or proposed	2,117,000		
	5,619,000				5,571,000
11,677,000					19,842,000
132,389,000					137,130,000
		GEOFFREY HEYWORTH <i>Chairman</i>			
		PAUL RIJKENS <i>Vice-Chairman</i>			

31st DECEMBER 1953

represent deductions.

NOTES

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

The surplus on valuation at 31st December, 1937, of shares in subsidiaries and trade investments £ 1,669,000 previously included in Capital Reserves, has been applied against the value of shares in subsidiaries.

Profits retained in the Business as at 31st December, 1952, comprise the Revenue Reserves £ 36,476,000 (including Stock Reserve £ 4,000,000), the Excess Profits Tax post-war refund £ 665,000, and the Fixed Assets Replacement Reserve £ 1,254,000. The increase during 1953 includes the sum retained out of the profits of the year as shown on Statement A and £ 400,000 in respect of bonus shares received during the year.

- (III) The two issues of debenture stock are secured by a floating charge on the assets of the Company.

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

- (VI) Land, buildings, plant and office equipment were revalued at 1st January, 1953, and additions since that date are at cost. The comparative figures at 31st December, 1952, have been adjusted to incorporate the revaluation on which the surplus arising was £ 817,000. This surplus has been applied against shares in subsidiaries.

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

- (I) Shares in subsidiaries are stated at Directors' valuation at 31st December, 1937, with additions at cost, less amounts written off £ 2,486,000.

GENERAL

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

There are outstanding commitments to pay The Union Pension Fund three annual instalments of £ 137,000 and to pay The Union Superannuation Fund £ 58,000 in 1954.

The estimated commitments for capital expenditure at 31st December, 1953, were £ 750,000, including £ 700,000 on behalf of subsidiaries.

Foreign currency balances have been converted at the rates ruling at the date of the balance sheet.

REPORTS OF THE AUDITORS

N.V. GROUP

TO THE MEMBERS OF UNILEVER N.V.

We have examined the accounts set out in statements A to E. We have not audited the accounts of some of the subsidiaries but these have been audited either by other public accountants or by the Group's internal audit staff.

Sufficient information is not available to enable us to estimate the extent to which the reserves may be required to write down interests in subsidiaries not consolidated which are included in the accounts at Fl. 64,297,000 and are referred to in note (II) on statements B and E. As in past years the company's net profit Fl. 50,083,000 shown in the general note on Statement A has been arrived at after crediting dividends from its direct subsidiaries which are represented in part by profits of their subsidiaries capitalised by them as bonus shares or retained and not declared as dividend. Subject to the foregoing remarks, we have obtained all the information and explanations which we considered necessary and in our opinion the said accounts, in conjunction with the relative notes, give a true and fair view of the state of the company's affairs as at 31st December, 1953, and of its profits for the year 1953.

22nd April, 1954.

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

LIMITED GROUP

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

TO THE MEMBERS OF UNILEVER LIMITED

We have examined the balance sheet of the company set out in statement F, which is in agreement with the books of account, and the consolidated accounts of the company and its subsidiaries set out in statements A to D. Proper books of account have been kept by the company. The accounts of some of the subsidiaries have not been audited by us and those of a group of major importance having interests in Africa, audited as at 31st August, 1953, are estimated accounts based on unaudited returns at 31st December, 1953. We have obtained all the information and explanations which we considered necessary and it is our opinion that, in conjunction with the relative notes, the accounts give the information required by the Companies Act, 1948.

We are of the opinion that, in conjunction with the relative notes, the balance sheet of the company gives with the consolidated accounts a true and fair view of the state of its affairs at 31st December, 1953, and the consolidated accounts give, from the standpoint of the members of Unilever Limited, a true and fair view of the state of affairs at that date of the company and its subsidiaries and of their profit for the year 1953.

22nd April, 1954.

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