

1939.

LEVER BROTHERS & UNILEVER
LIMITED.

ANNUAL REPORT

AND

STATEMENT OF ACCOUNTS

FOR THE YEAR ENDED

31st DECEMBER, 1939.

LEVER BROTHERS & UNILEVER LIMITED.

Directors.

THE VISCOUNT LEVERHULME, *Governor.*

FRANCIS D'ARCY COOPER, *Chairman.*

ALBERT VAN DEN BERGH,
HAROLD ROBERT GREENHALGH, } *Vice-Chairmen.*

CROUDSON WILLIAM BARNISH.

JAMES P. VAN DEN BERGH.

SIDNEY J. VAN DEN BERGH.

DR. J. W. BEYEN.

DR. CHARLES HUGH CLARKE.

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

HERBERT DAVIS.

JOHN HENRY HANSARD.

ARTHUR HARTOG.

GEOFFREY HEYWORTH.

JAMES LAURENCE HEYWORTH.

ROWLAND HUNTLY MUIR.

DR. J. L. POLAK.

PAUL RYKENS.

FRANK SAMUEL.

GEORG SCHICHT.

JAMES LOMAX SIMPSON.

CHARLES EDMUND TATLOW.

Advisory Directors.

HORATIO BALLANTYNE.

JOHN WESTALL PEARSON.

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

Secretary.

L. V. FILDES.

Auditors.

COOPER BROTHERS & CO.

PRICE, WATERHOUSE & CO.

LEVER BROTHERS & UNILEVER LIMITED.

REVIEW OF THE COMPANY'S TRADING DURING THE YEAR ENDED 31st DECEMBER, 1939.

Because of the circumstances prevailing, this Review is sent to the Shareholders at the same time as the Directors' Report and Accounts for the year 1939, instead of being given at the Annual General Meeting in a Speech from the Chair. The Review is as comprehensive and concise as possible in view of the paper shortage, and, because of such shortage, a Report of the Annual General Meeting will not be circulated to the Shareholders. At the Annual General Meeting, no Speech will be given and the Chairman will suggest to the Shareholders that the Directors' Report and this Review be taken as read.

This Review deals only with the Subsidiary and Allied Companies of Lever Brothers & Unilever Limited and thereby differs from the Chairman's Speech in previous years in which were reviewed the combined businesses of this Company and of the Dutch Company, Lever Brothers & Unilever N.V.

GENERAL TRADING.

Most of the trade and industries in which Lever Brothers & Unilever Limited are interested experienced a prosperous year; additional profits being earned chiefly as a result of increased turnover and of stocks, acquired at relatively low prices, being realised at higher levels either as such or in the form of finished products. Out of these additional profits, which were largely offset by Excess Profits Taxes, the Company has made provision for the funding of Back Service Pensions referred to in the Directors' Report.

SALES.

The combined sales of all commodities sold to the public during 1939 amounted to £97,500,000, an increase of over 3 per cent. as compared with 1938.

The increase in turnover was general; the only exception being West Africa.

SOAP AND TOILET PREPARATIONS.

The total tonnage of Soap sold during 1939 was 10 per cent. above that of 1938, and constituted a record.

In Great Britain, the supply of Raw Materials was rationed by the Government as from the 7th October necessitating some restriction of sales. Sales of Toilet preparations shewed exceptional progress.

MARGARINE AND EDIBLE FATS.

The total quantity sold was 15 per cent. above 1938, thus reaching the highest level ever attained in the history of the Company.

In Great Britain, after the outbreak of war, the Ministry of Food took virtual control of the industry, with fixed quotas and prices, but up to the end of 1939, rationing of sales to the public was unnecessary.

OIL MILLING.

In Great Britain, up to the outbreak of war, sales of Oil were maintained at about the same level as in 1938, for, though export deliveries had fallen off, the reduction was offset by a 9 per cent. increase in home deliveries.

A comparison of the figures for Oil Cake with those for 1938 serves no useful purpose, for the industry from the 7th October came under Government control. Crushers and Refiners have ceased to operate on their own account and work under the direct instructions of the Ministry of Food. Owing to the increased demand for Margarine and Compound Lard, the output of Edible Oil by United Kingdom Refiners is larger than ever before.

WHALING.

Among the nine British Whaling Expeditions, which carried out operations in the Antarctic during the 1939/40 Season on behalf of the Ministry of Food, there were two belonging to a Subsidiary Company of Lever Brothers & Unilever Limited. Their catch, partly due to the delayed start of fishing, was somewhat below that of the previous season.

THE UNITED AFRICA COMPANY LIMITED.

In the course of 1939, as appears in the Directors' Report, Lever Brothers & Unilever Limited acquired control over the entire Issued Share Capital of The United Africa Company Limited.

The situation in the West African produce market continued to be unfavourable and up to the outbreak of war the price of Palm Oil and Palm Kernels declined further below the poor price levels of 1938, whilst there was only a slight rise in Groundnuts and Cocoa. Due no doubt to these adverse conditions, the volume of produce offered declined below that of the preceding year. These two factors resulted in the African population having substantially less purchasing power wherewith to buy merchandise.

On the outbreak of war, the British and French Governments came to the assistance of West Africa and assumed control of Oil, Oil Seeds and Fats, and took over these commodities, paying for them prices which were 5 to 10 per cent. higher than those prevailing in the preceding year. Further, after the outbreak of war, the Government took over the entire Cocoa crop and the trade has since been carried on for Government account. This action on the part of the Government has, undoubtedly, been of immense assistance to the African population, although, to some extent, the benefit the producer has received by this action has been lessened by the higher prices which he has had to pay for merchandise, owing to increased costs, insurance and freight.

FISH.

In the first half of 1939, landings of fish were rather in excess of the corresponding period of the previous year. Scottish landings, however, were down. Prices were generally maintained. The Herring season, up to the end of July, was again exceptionally poor.

After the outbreak of war, the sale and distribution of Fish was under direct Government control for three weeks, but was then restored to the usual channels; a Committee, representative of the whole industry, was set up to advise the Government on matters relating to Fish supply, distribution and price. Many of the newest and biggest trawlers and their crews were taken over by the Admiralty. Supplies at the end of the year were nearly back to normal, and arrangements were made to import considerable quantities of frozen fish from Newfoundland and Canada.

CANNED FISH.

The sales of Canned Fish reached a record last year when both tonnage and sales value increased by over 60 per cent. as compared with 1938.

MEAT.

Under this heading come the sales of Sausages, Pastes, Bacon and Preserved Tongues. The combined sales value shewed an increase of 24 per cent. over 1938.

CANNED AND DRIED FRUIT.

The total sales of these commodities increased by 17 per cent. over 1938.

ICE CREAM.

Very unfavourable weather conditions prevailed during the season, particularly during the months of April to June. As a result, sales were about 5 per cent. below those of 1938, although the distributing organisation had again been expanded. Profits, therefore, were below those of the previous year.

CHEMICALS.

Included in this group are Caustic Soda, Silicate of Soda, Soda Crystals and Water-Softeners. The total average increase in turnover amounted to 11 per cent.

PAPER AND BOX BOARDS.

Sales reached a record figure and shewed an increase of 22 per cent. over 1938.

MISCELLANEOUS PRODUCTS.

Sales of these products comprising Milk Products, Vitamins, Oleine, Stearine, Bone Products, Charcoal, Fertilizers, etc., increased by about 6 per cent.

STAFF.

At the outbreak of the war, many of the staff in this country were called up for immediate duty with the Armed Forces or Civilian Services, and by the end of December the number of employees serving in this way had reached a total of 3,608, a number which has since been greatly increased. These employees receive financial assistance from their Companies and, so that their membership of the Pension Funds is not interrupted, they are treated as being on leave of absence.

In connection with the National Savings Movement, Savings Groups were formed in our factories and offices throughout the country, and the money to enable members of those groups to subscribe for Defence Bonds and National Savings Certificates has been advanced, free of interest, to them by the Company and is repayable by weekly or monthly instalments over a period.

CAPITAL EXPENDITURE, DEPRECIATION AND REPAIRS.

The total new expenditure amounted to £1,998,000. In this figure was included, (inter alia), £200,000 on extensions and new equipment at Port Sunlight; £208,000 on similar expenditure on Oil Mills in this country; and £68,000 on Margarine Factories in this country. Messrs. T. Wall & Sons Limited spent over £180,000, mainly in erecting a new factory for the making of Sausages and Meat products.

In India £143,000 was expended: a considerable proportion of this was used in the erection and equipment of a new Oil Mill which was completed during the first half year of 1940.

A new Soap Factory was built in Ceylon, £62,000 covering the cost so far as building operations had progressed by the end of 1939.

The United Africa Company Limited expended £310,000; South Africa £101,000; Canada £96,000; and Australia £95,000.

The expenditure on motor vehicles in the British Empire amounted to £304,000.

The revenue for the year was charged with £1,972,000 for Depreciation, £1,513,000 for Repairs and £123,000 for A.R.P. Expenditure.

TAXATION.

In total, £3,547,000 has been set aside out of Revenue to provide for Taxation in the British Empire.

DEBENTURES.

During the year 1939, Debentures of Lever Brothers & Unilever Limited, The Niger Company Limited and A. & F. Pears Limited were redeemed to the extent of £249,377.

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31ST DECEMBER, 1939.

To be submitted to the Members at the Annual General Meeting, to be held at Unilever House, Blackfriars, London, E.C.4, on Thursday, the 11th day of July, 1940, at 11 a.m.

The Directors submit their Annual Report and the Accounts for the year ended 31st December, 1939.

In previous years, the Boards of Directors of this Company and of Lever Brothers & Unilever N.V., the Dutch Company, were identical and, in view of the Equalisation Agreement of 31st December, 1937, between the two Companies, the Annual Reports have hitherto dealt with both Companies.

At the outbreak of war, the Boards of the two Companies, which for convenience will be referred to as "LIMITED" and "N.V." respectively, were reconstituted in such a manner that no Director of either Company was a Director of the other so it would not have been practicable to submit a Joint Report this year even if Holland had not been invaded by Germany.

The Board of LIMITED are advised that the invasion of Holland by Germany has not abrogated or frustrated the Equalisation Agreement but the severance of all communication between the two Companies gives rise to certain difficulties in carrying out its provisions.

As announced in the Press on 4th May, 1940, it was the intention of the Board of LIMITED to recommend a final dividend on the Ordinary Stock of 5½ per cent., making 10 per cent. for the year, in which case, under the terms of the Equalisation Agreement, the Board of N.V. had intended at the then rates of exchange to recommend a final dividend of 3½ per cent. on the Ordinary Capital, making 6½ per cent. for the year.

From information received from N.V. before communication was cut off, it was evident that the profits earned in 1939 by that Company were amply sufficient to pay a final dividend of 3½ per cent. but, under prevailing conditions, it is not known whether or not the Board of that Company have recommended that dividend.

In view, however, of the profits available in LIMITED and the public announcement referred to above, the Board of LIMITED have decided to proceed with the recommendation to pay a final dividend of 5½ per cent. on the Ordinary Stock of this Company and to set aside £800,000 out of the profits of 1939 to Reserve for Contingencies to cover any amount which may subsequently be required for ensuring that the Ordinary Shareholders of N.V. receive for each unit of Fl. 12 of Capital a final dividend in respect of the year 1939 of equal value to that distributed on each unit of £1 to the Ordinary Stockholders of LIMITED. The application of this Reserve to the purpose for which it is created has been entrusted to a member of each of the firms of Messrs. Price, Waterhouse & Co. and Messrs. Cooper Brothers & Co., the joint Auditors of LIMITED and N.V., under a Declaration of Trust which provides, *inter alia*, that, on the prior fulfilment of certain conditions, it shall be available for the benefit of the Ordinary Shareholders of N.V. on a settlement date after the War, subject to the deduction of the value in sterling at the due date of payment of any dividend which may be declared and paid in the meantime by N.V. on its Ordinary Capital. A copy of the Declaration of Trust may be inspected at the Registered Office of the Company, Port Sunlight, Cheshire, or at Unilever House, Blackfriars, London, E.C.4.

A further consequence of the war is that it has not been possible to prepare the Consolidated Statement of the two Companies, which in previous years has been attached to the published Accounts, and in view of the Equalisation Agreement the publication of the Consolidated figures of LIMITED alone would only be misleading. The comparative figures for the previous year, formerly shown in the Consolidated Statement, have therefore been inserted in the Statement of Profits and Appropriations set out on page 5, from which it will be noted that the profit accruing to the Ordinary Stockholders (subject to the dividends on Co-Partnership Certificates and on Deferred Stock and to the appropriation of £800,000 referred to above) was :—

	1939. £	1938. £
NET PROFIT including the Company's proportion of the Profits less Losses of Subsidiary and Allied Companies	7,648,644	6,729,234
<i>Less :</i>		
Dividends on all classes of Preference and Preferred Ordinary Capital.. ..	4,337,777	4,328,777
	<u>£3,310,867</u>	<u>£2,400,457</u>

These amounts represent the profits after charging depreciation, interest on Debentures and contributions to supplement Staff Pension Funds and after making provision for all taxation including estimates for National Defence Contribution and Excess Profits Taxes where applicable.

The comparison between the two years is affected by the inclusion in the year 1939 of the profits which in 1938 accrued to the 20 per cent. portion of the Capital of the United Africa Company Limited formerly held by the African & Eastern Trade Corporation Limited. The whole of the Share Capital of the latter Company was acquired in 1939 in exchange for an issue by this Company of £1,784,193 Ordinary Stock with dividend rights as from 1st January, 1939 and £360,000 5 per cent. Cumulative Preference Stock with dividend rights as from 1st July, 1939.

Compared with market prices ruling after the outbreak of war our cover in Raw Materials was relatively low-priced and the profits of 1939 have benefited accordingly. This benefit, however, is not fully reflected in the figures shown above, for the opportunity has been taken by this Company and by its Subsidiary and Allied Companies to provide £1,379,657 out of current revenue to augment the Staff Pension Funds. These Funds have been further augmented by the transfer of reserves created in previous years which are no longer required.

Although the invasion of Holland by Germany on 10th May, 1940, does not come within the period under review, the Board think it well to give a summary of the position of LIMITED and N.V. and the interests of each at that date :—

SHAREHOLDINGS.

- (a) LIMITED holds beneficially the trading interests within the British Empire and, since December, 1939, in France. Indirectly it also holds a few small interests outside the British Empire.
- (b) N.V. holds beneficially practically all the trading interests outside the British Empire, excepting France. Apart from N.V.'s holdings in the Dutch East Indies, all its interests in Non-British Overseas Companies (in the United States of America, Philippine Islands, China, Argentine, Brazil, Thailand, Turkey and the Belgian Congo) have been transferred to a Subsidiary Holding Company of N.V. in South Africa and are held as security for the loan of £11,000,000 referred to below.
- (c) One half of the Special Ordinary Shares of N.V. and one half of the Deferred Stock of LIMITED previously held by a Subsidiary of N.V. in Holland have also been transferred to this South African Company and are held as security for the Loan of £499,000 referred to below. These Shares and Stock, the other halves of which are held by a Subsidiary of LIMITED, carry the right to nominate a panel from which the Directors of LIMITED and N.V. are elected.

INDEBTEDNESS.

The outstanding indebtedness between the two Groups at 10th May, 1940, was as follows, figures shown in italics being amounts owing to N.V. by LIMITED :—

(a) Secured Loans :

(i) Owing to LIMITED by the South African Subsidiary of N.V. £11,000,000

This Loan is the result of the transfer of assets from the LIMITED Group to the N.V. Group in 1937. As in previous years, it is included in the Balance Sheet under the heading "Loans and Current Accounts—Allied Companies."

As security for this Loan, the Non-British Overseas Interests, referred to above, are vested in the Whitehall Trust, Limited, London and in the opinion of the Board their present value exceeds the amount of the Loan by a considerable margin.

(ii) Owing to a Subsidiary of LIMITED by the South African Subsidiary of N.V. £499,000

As security for this Loan, one half of the Special Ordinary Shares of N.V. and one half of the Deferred Stock of LIMITED are vested in the Whitehall Trust, Limited, London. In view of the rights attaching to these holdings, their full value cannot be assessed. Any possible shortage in value of the security is, however, more than covered by the surplus value of the securities held under (i) above.

(b) Unsecured Loans and Current Accounts (subject to minor adjustments yet to be ascertained) :

Owing to LIMITED by N.V. on Loan and Current Accounts £2,828,396

This represents the balance at 10th May, 1940, of transactions originated prior to the outbreak of war. It corresponds to the item shown on the Balance Sheet at £2,566,180, the increase since 31st December, 1939, being due mainly to the transfer of a balance outstanding between subsidiary Companies. Of this amount, £2,500,000 is not receivable until the purchase price of the French Interests referred to below is settled.

Against this claim there is owing to a subsidiary of N.V. by a subsidiary of LIMITED an amount of £4,002,051

This represents the purchase price of the French Interests acquired in 1939. The amount is not payable until the end of the war and then only by a resale of the French Interests for the same amount adjusted by any movement in the meantime in undistributed profits or losses.

Apart from the above, by arrangements previously agreed with the Companies concerned, certain balances outstanding between N.V. and Non-British Overseas Companies were taken over by LIMITED at 10th May, 1940, in their respective currencies. These consisted mainly of credit balances retained by N.V. in these countries, the net sterling value of which at 10th May, 1940, subject to minor outstanding adjustments, was £2,253,876. These balances and the corresponding net liability from LIMITED to N.V. arising from their acquisition are "blocked" for the duration of the war. Also, since the outbreak of war, transactions have taken place between the two Companies which have been settled monthly in the various currencies concerned. The amount outstanding at 10th May, 1940, is not yet definitely ascertained, but from the latest information available there appears to be a small balance due by LIMITED to N.V.

From the above it will be seen that at the date of the invasion of Holland by Germany the LIMITED Group had, on balance, no amount at risk in connection with its outstanding indebtedness with the N.V. Group.

A Royal Netherlands Decree, published on 30th May, 1940, under which the Netherlands Government assumes the care of all Dutch property abroad, has resulted in all assets of N.V. outside German occupied territory being vested in the Netherlands Government for the period of the war.

BALANCE SHEET.

SHARE CAPITAL.

The Issued Capital of the Company has increased by £2,144,193 issued in exchange for the whole of the issued Share Capital of the African & Eastern Trade Corporation Limited already referred to. This increase includes £110 Ordinary Stock which was in fact allotted early in 1940. The dividends for 1939 on the whole of this new Capital have been provided in the Appropriation Account.

GENERAL RESERVE.

This remains unchanged at £10,000,000. It is not proposed to recommend any addition this year.

CREDITORS.

Apart from contracts for supplies purchased on behalf of Subsidiary and Allied Companies, the principal liability included under this heading is the provision for taxation, including an estimate for Excess Profits Tax payable on behalf of Subsidiary Companies. The increase of £2,157,412 is also partly due to the inclusion under this heading of the appropriation of £800,000 out of the profits of 1939 to the Reserve for Contingencies to cover the contingent liability in connection with the Equalisation Agreement with N.V. referred to previously.

SHARES IN SUBSIDIARY AND ALLIED COMPANIES.

The increase of £1,917,985 represents mainly the net cost of the Share Capital of the African & Eastern Trade Corporation Limited.

The remaining items in the Balance Sheet call for no comment.

PROFIT AND LOSS ACCOUNT.

The Profit for the Year shown in the Profit and Loss Account includes the results of Subsidiary and Allied Companies only to the extent to which they have been declared as Dividends. Profits earned by these Companies in 1939 and not distributed as dividend amount to £906,591 as compared with £409,990 in 1938.

In accordance with the provisions of the Finance (No. 2) Act, 1939, Excess Profits Tax estimated to be payable by Subsidiary and Allied Companies in which not less than 90 per cent. of the Ordinary Capital is held, directly or indirectly, has been provided by this Company out of the Dividends and other income receivable.

The increase of £597,289 in the amount charged for General Administration Expenses, Income Tax and National Defence Contribution is due to the increase in the provision for Income Tax. National Defence Contribution for the period from 1st April, 1939, is now absorbed in the provision for Excess Profits Tax referred to above.

APPROPRIATION OF PROFITS.

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

After providing for the dividends on all classes of Preferential Capital, there was an amount available for further allocation of £3,894,658. Of this £627,133 has been paid to the Ordinary Stockholders by way of an Interim Dividend of $4\frac{3}{4}$ per cent., leaving an amount available of £3,267,525. Out of this, as referred to previously, £800,000 has been allocated to Reserve for Contingencies and it is proposed to pay a Final Dividend on the Ordinary Capital of $5\frac{1}{4}$ per cent., making 10 per cent. for the year, to pay 5 per cent. on the Preferential Certificates of the Co-Partnership Trust and to pay a dividend of 6 per cent. on the Deferred Stock, thus leaving £1,716,849 to be carried forward to 1940, which shows an increase of £226,467 over the balance brought forward from 1938.

BOARD OF DIRECTORS.

In accordance with Article 83 of the Articles of Association, all Directors retire and, being eligible, offer themselves for re-election.

AUDITORS.

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

By Order of the Board,

L. V. FILDES,
Secretary.

27th June, 1940.

STATEMENT OF PROFITS AND APPROPRIATIONS.

Year ended 31st December, 1939.

1938.		£
£		£
6,729,234	The NET PROFIT for the Year, including the Company's proportion of the Profits less Losses of Subsidiary and Allied Companies, and after providing £1,379,657 for funding Staff pensions, amounted to	7,648,644
409,990	The amounts retained by Subsidiary and Allied Companies have increased by	906,591
6,319,244	leaving a Profit which includes the results of the Subsidiary and Allied Companies to the extent only to which dividends have been or are to be received therefrom	6,742,053
1,399,088	To this has been added the balance brought forward from 1938 ..	1,490,382
7,718,332	leaving a Profit available for distribution of	8,232,435
4,328,777	The Dividends for the Year on all classes of Preference and Preferred Ordinary Stock absorb	4,337,777
3,389,555	leaving for further allocation	3,894,658
	This amount is appropriated as follows :—	
600,000	<i>Reserve against Shares in Subsidiary Companies</i>	—
100,000	Reserve for Contingencies	800,000
	Dividend on Ordinary Stock :—	
	4% Interim paid 1st December, 1939	4½%
	6% Final now proposed	5½%
1,141,879	<u>10%</u>	<u>10%</u>
51,294	Dividend on Preferential Certificates of Co-Partnership Trust ..	51,521
6,000	Dividend on Deferred Stock of 6 %	6,000
1,899,173		2,177,809
1,490,382	leaving a balance to be carried forward to 1940 of	1,716,849

LEVER BROTHERS &

BALANCE SHEET,

CAPITAL AND LIABILITIES.

1938. £		£	£
		<i>Authorised.</i>	<i>Issued and fully paid.</i>
	CAPITAL—		
35,984,690	7% Cumulative Preference)	35,984,690	35,984,690
2,000,000	5% Cumulative Preference) <i>Ranking pari passu</i>	4,015,310	2,360,000
15,655,173	8% Cumulative A Preference	40,000,000	15,655,173
2,287,312	20% Cumulative Preferred Ordinary	2,287,312	2,287,312
11,418,750	Ordinary	59,031,438	13,202,943
100,000	Deferred	100,000	100,000
<u>67,445,925</u>		<u>141,418,750</u>	<u>69,590,118</u>
	DEBENTURE STOCK—		
	Charged on the Undertaking and Property of the Company		
	5% Consolidated Debenture Stock—		
	Redeemable in full between 1st April, 1942 and 1957.		
	Outstanding at 31st December, 1938	£ 3,027,200	
	Redeemed and cancelled during the year	72,900	
		<u>2,954,300</u>	
	4% Consolidated Debenture Stock—		
	Redeemable in full between 1st April, 1943 and 1958.		
	Outstanding at 31st December, 1938	2,059,331	
	Redeemed and cancelled during the year	49,404	
		<u>2,009,927</u>	
	Add—Interest accrued, less Income Tax	4,964,227	
		<u>28,802</u>	
5,129,192			4,993,029
10,000,000	GENERAL RESERVE		10,000,000
	PROFIT AND LOSS AND APPROPRIATION ACCOUNT—		
1,490,382	Balance carried forward to 1940		1,716,849
<u>84,065,499</u>			<u>86,299,996</u>
	DEPOSITS AND CURRENT ACCOUNTS (less Dividends Receivable)—		
	Subsidiary Companies	4,928,953	
	Allied Companies	7,746,255	
12,811,585		<u>12,675,208</u>	
	CREDITORS—		
	Trade Creditors, Accrued Liabilities, Provision for Taxation and for Dividend on Preferential Certificates and Reserve for Contingencies		3,686,067
1,528,655			
2,094,050	PROVISION FOR DIVIDENDS ON PREFERENCE, PREFERRED ORDINARY, ORDINARY AND DEFERRED STOCK (less Income Tax)		1,711,327
	<small>NOTE.—There are Contingent Liabilities under Guarantees, Bills discounted and Agreements on account of Subsidiary and Allied Companies.</small>		
<u>£100,499,789</u>			<u>£104,372,598</u>

REPORT OF THE AUDITORS

We report to the Members that we have examined the above Balance Sheet and have obtained all the as to exhibit a true and correct view of the state of the Company's affairs as at 31st December, 1939, according to the

LONDON, E.C.

27th June, 1940.

UNILEVER LIMITED.

31st DECEMBER, 1939.

ASSETS.		£	£
1938. £			
	SHARES IN SUBSIDIARY AND ALLIED COMPANIES—		
	At Directors' Valuation as at 31st December, 1937, with additions at cost, less Reserves—		
	Subsidiary Companies	64,307,669	
	Allied Companies	5,014,009	
67,403,693		69,321,678	
	FREEHOLD LAND, BUILDINGS, PLANT, OFFICE EQUIPMENT AND LEASEHOLD PROPERTIES—At cost, less depreciation		2,924,494
2,953,301			
	LOANS AND CURRENT ACCOUNTS (including Dividends Receivable)—		
	Subsidiary Companies	3,342,386	
	Allied Companies	22,185,888	
24,514,946		25,528,274	
	LEVER BROTHERS & UNILEVER N.V.—Loan and Current Accounts as referred to in the Directors' Report attached—		
	Loan Account	2,500,000	
	Current Account	66,180	
3,657,310		2,566,180	
	DEBTORS—		
97,691	Sundry Debtors, Bills Receivable and Payments in Advance		48,492
	CASH AT BANKERS AND IN HAND AND SHORT TERM ADVANCES—		
	Short Term Advances	1,455,407	
	Cash at Bankers and in hand	2,528,073	
1,872,848		3,983,480	

LEVERHULME, *Governor.*

H. R. GREENHALGH, }
A. VAN DEN BERGH, } *Vice Chairmen.*

£100,499,789

£104,372,598

TO THE MEMBERS.

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

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

LEVER BROTHERS &

PROFIT AND LOSS AND APPROPRIATION ACCOUNT,

1938.								£
	£	GENERAL ADMINISTRATION EXPENSES,	INCOME TAX	AND	NATIONAL			
792,048		DEFENCE CONTRIBUTION	..	..	..	..	..	1,389,337
235,051		DEBENTURE INTEREST	..	..	..	..	..	229,520
6,319,244		NET PROFIT FOR THE YEAR 1939 carried down..	..	..	..	..	..	6,742,053
	<u>£7,346,343</u>							<u>£8,360,910</u>

APPROPRIATIONS—

		Dividends on Cumulative Preference and Preferred Ordinary Stock—				£	
		7% Preference	..	..	..	..	2,518,901
		5% Preference	..	..	..	..	109,000
		8% A Preference	..	..	..	..	1,252,414
		20% Preferred Ordinary	..	..	..	..	457,462
4,328,777							<u>4,337,777</u>
600,000		Reserve against Shares in Subsidiary Companies	..	..			—
100,000		Reserve for Contingencies	..	..	..	..	800,000
		Dividend on Ordinary Stock—					
		4¾% Interim Dividend paid 1st December, 1939	..				627,133
		5¼% Final Dividend	..	..	..	..	693,155
1,141,879							<u>1,320,288</u>
51,294		Dividend on Preferential Certificates of the Co-Partnership Trust..	..	..			51,521
6,000		Dividend on Deferred Stock of 6%	..	..	..	..	6,000
1,490,382		Balance carried forward to 1940	..	..	..	..	1,716,849
	<u>£7,718,332</u>						<u>£8,232,435</u>

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

UNILEVER LIMITED.

YEAR ENDED 31st DECEMBER, 1939.

1938. £		£
	PROFIT FOR THE YEAR 1939, INCLUDING DIVIDENDS RECEIVABLE FROM SUBSIDIARY AND ALLIED COMPANIES, after making provision for Excess	
7,346,343	Profits Tax	8,360,910
<hr/> <u>£7,346,343</u>		<hr/> <u>£8,360,910</u>
 6,319,244	NET PROFIT FOR THE YEAR 1939 brought down	 6,742,053
1,399,088	BALANCE brought forward from 1938	1,490,382
 <hr/> <u>£7,718,332</u>		 <hr/> <u>£8,232,435</u>

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

LEVERHULME, *Governor.*

H. R. GREENHALGH, }
A. VAN DEN BERGH, } *Vice-Chairmen.*

LEVER BROTHERS
&
UNILEVER
LIMITED.

ANNUAL REPORT
AND
STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED
31st DECEMBER, 1939.

NOTICE is HEREBY GIVEN that the ANNUAL GENERAL MEETING of the above-named Company will be held at Unilever House, Blackfriars, London, E.C.4, on Thursday, the 11th day of July, 1940, at 11 a.m., for the following purposes, namely:—

1. To receive and consider the Annual Statement of Accounts and Balance Sheet, and the Report of the Directors and Auditors thereon.
2. To sanction the declaration of Dividends.
3. To elect Directors.
4. To appoint Auditors and fix their remuneration.
5. To transact any other ordinary business of the Company.

The Transfer Books of the Company so far as they relate to the Ordinary Stock are closed and will remain closed up to and including the 12th July, 1940.

Dated the 2nd day of July, 1940.

By Order of the Board,

L. V. FILDES,

Secretary.
