

Unilever



50th Report and Accounts
1979



50 Years of Anglo-Dutch Enterprise

The medal shown on the front and back covers has been specially struck to mark the Golden Jubilee of Unilever which came into existence on 1st January, 1930, through an agreement between the Margarine Union Group and Lever Brothers Limited.

It is being presented to those employees in the United Kingdom and the Netherlands who have continuously served Unilever since 1930.

Medallist: Bernard Sindall
Photograph: John Lee

Unilever N.V., Rotterdam

Report and Accounts 1979

The Unilever group of companies provides a wide range of products and services in some 75 countries, employing over 300 000 people. In most of these countries the products are manufactured locally. Unilever has existed for 50 years as a group, but can trace its roots much further back than that.

There are two parent companies: Unilever N.V., Rotterdam, and Unilever Limited, London. They have identical Boards of Directors and are linked by agreements, one of which equalises the dividends payable on the ordinary capital of N.V. and of Limited, according to a formula set out elsewhere in this Report. Unilever operates as one group. The combined affairs of N.V. and Limited are, therefore, more important to shareholders than those of the two separate companies and the Report and Accounts deal, as usual, with the operations and results of Unilever as a whole: except where stated otherwise, all the figures are for N.V. and Limited combined.

The larger part of Unilever's business is in branded and packaged consumer goods: mainly foods, detergents and toilet preparations. The foods include margarine, other fats and oils, ice cream, frozen and other convenience products, meat, fish, tea and other drinks.

Unilever has other important activities, such as chemicals, paper, plastics and packaging, animal feeds, transport and tropical plantations. UAC International, a major Unilever company, has substantial interests in Africa and other parts of the world in diverse industrial ventures, and as merchants and specialist distributors.

Contents

Report of the Directors	Page
Review of 1979	4-6
Quarterly results	7
Summary of combined figures	8-9
Value added statement	10
Capital expenditure	11
Return on shareholders' equity, capital employed and sales	12
Earnings and dividends per share	13
Sales, profit and capital employed by geographical areas	14
Sales and profit by operations	15
Review of operations	16-28
Exports	28
Research and development	28
Personnel	30-31
Dividends	32
Directors	33
Auditors	33
Accounts and financial information	
Reports of the Auditors	34
Accounting policies	35-37
Consolidated accounts	38-51
Unilever N.V. — balance sheet, notes and profit and loss account	52-53
Unilever Limited — balance sheet and notes	54-57
Principal subsidiaries	58-61
Principal investments	62
Salient figures in guilders and other currencies	63
Financial review 1969-1979	64-65
Current cost statement and notes	66-67
Capital and membership	68

This Report and Accounts is a translation of the original Dutch Report. French and German translations are also published.

Directors

H. F. van den Hoven, *Chairman*

Sir David Orr, *Vice-Chairman*

J. M. Goudswaard, *Vice-Chairman*

M. R. Angus

R. W. Archer

W. B. Blaisse

K. Durham

P. V. M. Egan

J. P. Erbé

C. T. C. Heyning

A. H. C. Hill

J. Louden

F. A. Maljers

F. W. L. Mann

H. Meij

Jonkheer I. E. B. Quarles van Ufford

C. F. Sedcole

A. W. P. Stenham

G. K. G. Stevens

O. Strugstad

T. Thomas

K. H. Veldhuis

E. J. Verloop

Advisory Directors

B. W. Biesheuvel

T. Browaldh

Sir Eric Faulkner

The Rt. Hon. Lord Hunt of Tanworth

The Viscount Leverhulme

Milton C. Mumford

Sir Frank Roberts

P. P. Schweitzer

D. Spethmann

E. P. Wellenstein

Secretaries

C. Zwagerman

J. D. Keir

Auditors

Price Waterhouse & Co.

Coopers & Lybrand Nederland

Review of 1979

The year in brief

For the year as a whole, total sales value rose by 10%; the volume rise was some 3.5%.

In Europe total operating profit remained at about last year's level as better results in some product groups, notably frozen products, sundry foods and drinks, detergents, chemicals and transport, were offset by lower profits of the edible fats business and by lower export earnings from the United Kingdom.

In the United States profits were much higher than in 1978, mainly because National Starch and Chemical Corporation has now been included for the full year. Thomas J. Lipton, Inc. had a good year but Lever Brothers Company is still operating at a loss.

The other overseas countries on the whole performed satisfactorily, but results were affected by adverse exchange rate movements. UAC International, however, had a disappointing year with results below those of 1978 due to difficult trading conditions. This is reflected in the lower figure for concern share of profits of associated companies which are a significant part of UAC International results.

Taxation on the profit of the year was unusually low mainly because of United Kingdom stock relief in respect of 1979.

The combined earnings per share of Fl. 23.83 show an increase of 22% over 1978. A final dividend of Fl. 6.32 per Fl. 20 ordinary share has been recommended for N.V., bringing the total dividend for 1979 to Fl. 9.88.

The economic background

During the first six months most countries showed good economic growth. However, towards the end of the year a general slowdown of economic activity was evident. Inflation started to rise again, resulting in tighter monetary policies in many countries.

On average, Europe had the same economic growth rate as last year—about 3%—but in the United States it was 2%, compared with 4% in 1978. In the developing countries economic growth at 4.5% was only a little lower than in the previous year, although individual countries showed wide divergencies.

Consumer prices rose by 11% in the United States against 7.7% in 1978. In Europe the rise of 9% was only slightly above the 1978 rate. In the rest of the world where Unilever operates, inflation averaged 25%, compared with 21% in the previous year.

Price controls have been largely removed in the United Kingdom and France, but tightened in some other countries.

International developments

Within the European Community (E.C.) an important event was the introduction of the European Monetary System, which aims at monetary stability within the Community.

Another event of major importance was the holding of the first direct elections to the European Parliament and there are signs that this may contribute to the promotion of European rather than national policies. There continue to be, however, difficult problems which remain without solution, notably those concerned with dairy surpluses and fishing quotas.

The Lomé Agreement between the E.C. and nearly 60 developing countries was renewed in an improved form. The successful system of stabilising the earnings of these countries, in so far as they are derived from exports of a number of commodities, including vegetable oils and tea, has been maintained and extended.

The multilateral negotiations within the framework of the General Agreement on Tariffs and Trade have now been concluded. The results, including a gradual reduction of many tariffs and a revision of various rules governing international trade, should be greeted as a positive contribution to the expansion of world trade in the 1980s.

Free elections in Nigeria and Ghana led to the peaceful re-establishment of civilian rule. We hope that the free democratic elections recently held in Zimbabwe will lead to a return to normality in that country. This would be favourable to economic development in Central Africa and significantly benefit our own operation in Zimbabwe.

In Latin America, where we operate in a number of countries which are of considerable importance to us, attitudes to investment by foreign enterprises have continued to improve.

OECD guidelines

We have prepared this Report and Accounts so as to take account of the recommendations in the section on disclosure of information of the Guidelines for Multinational Enterprises of the Organisation for Economic Co-operation and Development.

Exchange rates

Exchange rates remained unstable. Sterling rose substantially against the U.S. dollar and, to a lesser extent, against the guilder and deutschmark.

At the end of 1979, the sterling/guilder rate was £1 = Fl. 4.22 compared with £1 = Fl. 3.99 at the end of 1978.

For the purpose of calculating the 1979 combined results, we have used the exchange rates current at the year-end. Combined earnings per share rose by 22% in guilders and 15% in sterling. If the combined results had been calculated at the same rates of exchange as those for 1978, earnings per share would have risen by 21% in both currencies.

Finance

Total net liquid funds fell from Fl. 1 151 million at the end of 1978 to Fl. 636 million at the end of 1979.

Inflation and slightly higher stock levels caused working capital to increase by Fl. 881 million. Capital expenditure exceeded depreciation by Fl. 717 million. We spent Fl. 203 million on acquisitions. The largest was Lawry's Foods, Inc. in the United States which accounted for \$66 million of this total.

Dividend payments were unusually high because the ending of dividend control in the United Kingdom enabled **Limited** to pay out the dividends of 35p per share blocked from past years. This required £55 million (Fl. 232 million) plus Advance Corporation Tax of £24 million (Fl. 101 million) in addition to the dividend from current profits.

During the year a little over half of the bridging loans of \$310 million raised for the acquisition of National Starch in 1978 was consolidated into longer term debt.

Our gearing, which was 33% at the end of 1978, dropped to 30% at the end of 1979. The substantial increase of shareholders' funds as a result of the release of deferred taxation provision in the United Kingdom contributed to this reduction in gearing.

Taxation

Under the Finance Act 1979, stock relief for United Kingdom Corporation Tax obtained in respect of the years 1973 and 1974 is no longer subject to clawback and the relief received in subsequent years will become permanent if it is still outstanding at the end of a rolling six-year period. Our expectation is that clawback is unlikely and we have therefore released the deferred taxation previously provided for stock relief in 1973 to 1978, amounting to Fl. 486 million, as an extraordinary item.

Prospects

The prospects for the near future are even more difficult to foresee than usual. There is likely to be little if any growth of the world economy in 1980 and the cost of energy is likely to rise further. Government expenditure as a percentage of Gross National Product continues to rise in many countries. Inflation is likely to continue at a high rate, despite efforts to contain it. It is not a climate conducive to an improvement of business profitability, which is a vital factor for future growth, investment and employment, especially in Europe.

We continue to take steps by capital expenditure and otherwise to keep our organisation at a high level of productivity and efficient, economical operation, so as to withstand the pressures which seem likely to come upon us and to be able to seize every opportunity that our wide range of activities can offer.

Employees

More than 300 000 people who work for Unilever throughout the world have put their efforts into the results on which we now report. Their contribution is not only to the financial results of Unilever, but to a spirit of friendship and effective co-operation between many nations and cultures.

We thank them for continuing in 1979 to maintain the high standards of which Unilever is so proud.

Quarterly results

		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total year
Sales to third parties						
1979	Fl. million	10 229	10 863	10 736	11 423	43 251
	%	24	25	25	26	100
1978	Fl. million	9 142	9 917	9 897	10 315	39 271
	%	23	26	25	26	100
Operating profit¹⁾						
1979	Fl. million	536	745	727	561	2 569
	%	21	29	28	22	100
1978	Fl. million	430	709	650	558	2 347
	%	18	30	28	24	100
Profit before taxation						
1979	Fl. million	546	747	730	533	2 556
	%	21	29	29	21	100
1978	Fl. million	440	737	678	576	2 431
	%	18	30	28	24	100
Profit attributable to ordinary capital²⁾						
1979	Fl. million	254	351	355	368	1 328
	%	19	26	27	28	100
1978	Fl. million	182	334	321	251	1 088
	%	17	31	29	23	100
Earnings per share						
1979	Guilders per Fl. 20	4.56	6.30	6.37	6.60	23.83
	Pence per 25p	16.18	22.43	22.64	23.46	84.71
1978	Guilders per Fl. 20	3.27	5.99	5.76	4.51	19.53
	Pence per 25p	12.28	22.56	21.64	16.96	73.44

¹⁾ The figures for Operating profit have been changed from those previously reported to reflect the revised treatment of non-recurring items explained on page 37.

²⁾ Excludes the release in 1979 of Fl. 486 million deferred taxation provision, relating to United Kingdom stock relief, which has been treated as an extraordinary item.

The published results for each of the quarters of both years have been recalculated at the year-end rates of exchange which have been used for the results of the respective years. The figures in the table therefore differ from the figures originally published for each quarter.

Summary of combined figures

Fl. million

1978 1979

Results for the year ended 31st December

Sales to third parties	39 271	43 251
Operating profit	2 347	2 569
Concern share of associated companies' profit	256	179
Financial items	172	192
Profit before taxation	2 431	2 556
Taxation	1 259	1 133
Profit after taxation	1 172	1 423
Outside interests and preference dividends	84	95
Profit attributable to ordinary capital	1 088	1 328
Extraordinary item	—	486
Profit after extraordinary item	1 088	1 814
Ordinary dividends	423	489
Profit of the year retained	665	1 325

Assets and liabilities as at 31st December

Preferential share capital	286	287
Ordinary shareholders' equity	7 735	9 049
Outside interests in subsidiaries	502	532
Loan capital	2 845	2 754
Deferred liabilities	2 696	2 629
Capital employed	14 064	15 251
Land, buildings and plant	6 630	7 209
Associated companies	862	811
Trade investments	84	196
Other long-term assets	455	545
Working capital	6 022	6 902
Provision for taxation	697	739
Dividends	443	309
Net liquid funds	1 151	636
Employment of capital	14 064	15 251

Fl. million

1978 1979

Source and use of funds for the year ended 31st December

Funds generated from operations	3 139	3 344
Funds from other sources	601	88
Total sources	3 740	3 256
Taxation payments during the year	729	746
Capital expenditure less disposals	1 211	1 413
Purchase/sale of subsidiaries	1 054	77
Purchase/sale of associated companies/trade investments	64	33
Additional/reduced working capital	574	881
Dividends paid during the year	372	654
Other sources/uses	75	139
Total uses	4 079	3 877
Net increase/decrease in net liquid funds	339	621

The net increase/decrease above excludes the effect of exchange rate changes.

Earnings per share

guilders per Fl. 20 of capital	19.53	23.83
pence per 25p of capital	73.44	84.71

The basis of calculation is shown on page 42. The increase in guilders is 22% and the increase in sterling 15%. The difference arises from the use of the rate of £1 = Fl. 3.99 in 1978 and £1 = Fl. 4.22 in 1979.

Ordinary dividends

N.V. — guilders per Fl. 20 of capital	8.80	9.88
Limited — pence per 25p of capital	22.67	24.05

Ordinary shareholders' equity per share

guilders per Fl. 20 of capital	138.81	162.41
pence per 25p of capital	521.86	577.27

The figures above and on page 8 are combined figures and should be read in conjunction with the consolidated accounts on pages 38 to 40 which also give details of other movements in profit retained. Reference should also be made to the notes on pages 34 to 37.

Value added statement

	Fl. million					
	1974	1975	1976	1977	1978	1979
Sources						
Sales to third parties	34 471	36 705	36 493	39 879	39 271	43 251
Other income	174	219	240	443	464	426
	34 645	36 924	36 733	40 322	39 735	43 677
Less cost of materials and services purchased	25 818	27 395	26 551	29 654	28 809	31 674
Value added ¹⁾	8 827	9 529	10 182	10 668	10 926	12 003
	%	%	%	%	%	%
Value added as a proportion of sales	26	26	28	27	28	28
	%	%	%	%	%	%
Disposal²⁾						
To employees in wages, salaries, pension contributions	67	70	65	67	67	68
To governments in taxation	11	10	12	11	12	9
To providers of capital						
— loans (interest)	3	4	3	3	3	4
— shareholders (dividends)	4	4	4	4	4	4
— outside shareholders and preference dividends	1	1	1	1	1	1
Reinvested in business						
— depreciation	8	7	7	7	7	7
— profit retained	6	4	8	7	6	7 ³⁾
	100	100	100	100	100	100

¹⁾ Figures of sales to third parties show in part the result of other people's work, namely the raw materials, products and services which the concern has purchased from outside, and in part the result of the efforts of the concern's workforce and the use of its physical and financial assets. This latter part is the value added by the concern and is expressed as turnover less goods and services purchased from outside.

²⁾ This statement shows how the added value has been distributed by way of payment to employees, to governments, and to those who have provided capital, and indicates the proportion retained in the business.

³⁾ Excludes the release of Fl. 486 million deferred taxation provision relating to United Kingdom stock relief which has been treated as an extraordinary item.

Capital expenditure

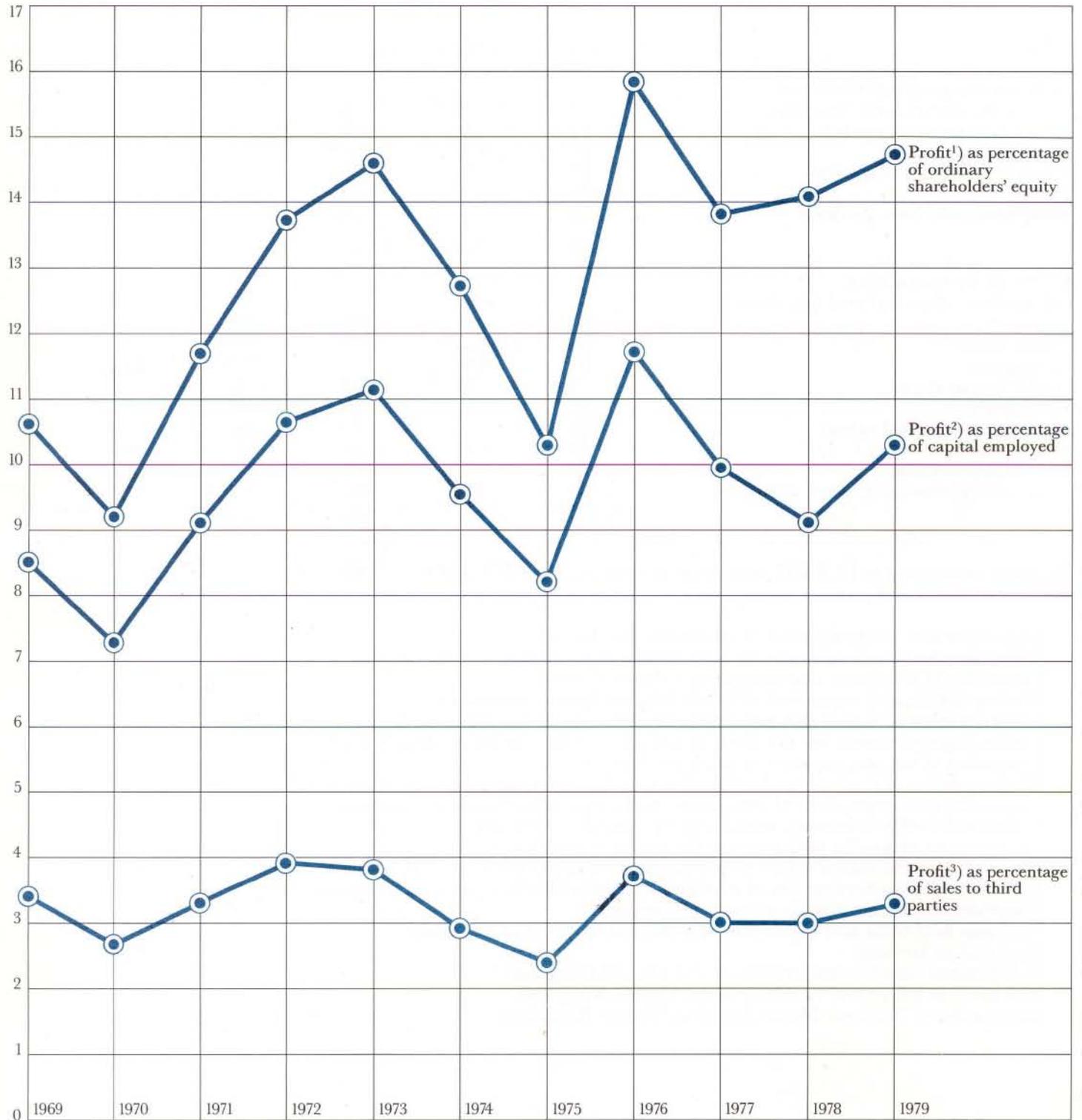
	Fl. million					
	1974	1975	1976	1977	1978	1979
Analysis by geographical areas						
European Community countries	914	828	708	901	857	1 052
Other European countries	102	89	68	90	102	103
North America	86	113	92	97	125	179
Central and South America	23	29	23	48	55	55
Africa	126	78	127	119	81	79
Asia, Australia, New Zealand	58	76	79	113	138	106
	1 309	1 213	1 097	1 368	1 358	1 574
Analysis by operations						
Margarine, other fats and oils, dairy products	281	272	208	267	225	252
Other foods	365	354	320	361	364	378
Detergents	161	126	131	205	211	230
Toilet preparations	35	28	35	71	50	49
Chemicals	81	86	71	57	101	133
Paper, plastics, packaging	93	90	73	92	112	177
Animal feeds	44	32	26	48	42	58
UAC International	90	76	101	98	95	90
Plantations, transport, other interests	159	149	132	169	158	207
	1 309	1 213	1 097	1 368	1 358	1 574

Projects amounting to Fl. 1 852 million were approved in 1979 (1978: Fl. 1 438 million).

The more important projects were:

- Expansion and modernisation of edible fats production in France.
- Relocation and modernisation of dairy production facilities in France.
- Expansion of a refinery and margarine factory in Brazil.
- Modernisation and expansion of edible fats production in Indonesia.
- Modernisation of frozen fish processing facilities in the United Kingdom.
- Computing equipment for sales and distribution centres in the United Kingdom.
- Expansion of tea bag capacity in the United States.
- Modernisation of production facilities for canned and vacuum packed meat products in the Netherlands.
- Expansion and renovation of restaurants and shops in Austria and Germany.
- Construction of a toilet soap manufacturing plant in Indonesia.
- Construction of a toilet preparations factory in Argentina.
- New plant for the manufacture of precipitated silicas in the United Kingdom.
- Extension and modernisation of a nickel catalyst production plant in Germany.
- Construction of a fatty acids plant in Malaysia.
- Two new feed mills and expansion of a third in the United Kingdom.
- Feed mill in Ireland.
- Refrigerated distribution facilities in the United Kingdom.
- Extension of laboratory facilities in the United Kingdom.
- Renovation of Unilever House, London, United Kingdom.

Return on shareholders' equity, capital employed and sales



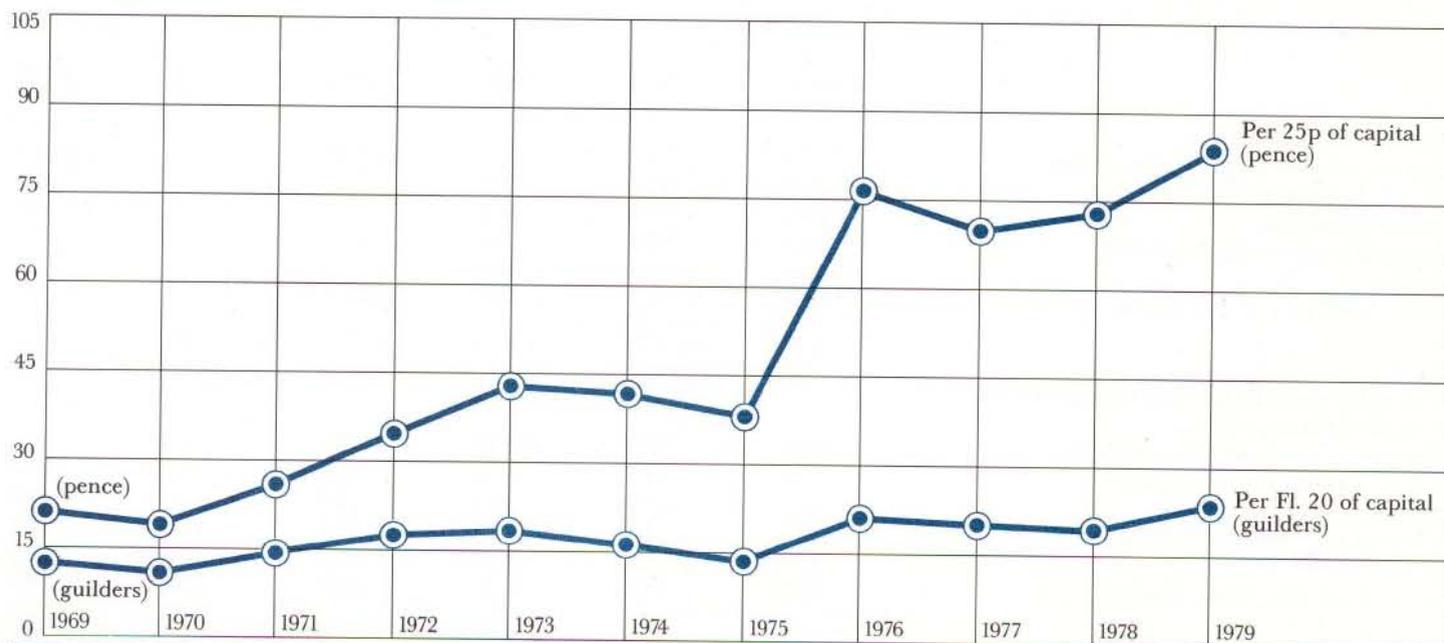
¹) Based on profit attributable to ordinary capital.

²) Based on profit after taxation but before loan interest.

³) Based on profit after taxation.

Earnings and dividends per share

Earnings



Dividends



The greater increase in **Limited** dividends compared with that in **N.V.** dividends arises from the requirement of the Equalisation Agreement to pay the same dividend to both groups of shareholders at the prevailing rate of exchange as explained on page 34. The decline in sterling relative to the guilder, therefore, accounts for the divergent trends. The apparent change in trend in **Limited's** dividends in the years 1971 to 1973 is caused by the introduction of Advance Corporation Tax in the United Kingdom. (See also note 2 on page 65).

Sales, profit and capital employed by geographical areas

	Fl. million					
	1974	1975	1976	1977	1978	1979
Sales to third parties						
European Community countries	22 020	22 260	21 814	26 095	26 353	28 638
Other European countries	2 208	2 482	2 426	2 532	2 598	2 894
North America	3 293	3 856	3 648	3 582	3 613	4 431
Central and South America	757	864	948	936	1 004	972
Africa	3 690	4 326	4 733	3 635	2 858	3 105
Asia, Australia, New Zealand	2 503	2 917	2 924	3 099	2 845	3 211
	34 471	36 705	36 493	39 879	39 271	43 251
Operating profit before taxation and outside interests¹⁾						
European Community countries	1 093	794	1 278	1 300	1 464	1 489
Other European countries	150	121	159	198	151	192
North America	237	201	216	182	151	249
Central and South America	45	45	71	111	112	92
Africa	334	495	621	257	216	240
Asia, Australia, New Zealand	250	263	257	268	253	307
	2 109	1 919	2 602	2 316	2 347	2 569
Profit attributable to ordinary capital						
European Community countries	446	313	633	537	635	787
Other European countries	73	53	76	101	51	107
North America	111	92	108	108	70	92
Central and South America	31	25	52	78	70	38
Africa	140	180	218	185	168	170
Asia, Australia, New Zealand	114	108	112	116	94	134
	915	771	1 199	1 125	1 088	1 328
Capital employed						
European Community countries	7 652	8 073	7 920	8 545	8 867	9 692
Other European countries	774	786	932	1 107	1 075	1 194
North America	1 128	1 229	1 279	1 360	1 891	2 055
Central and South America	238	292	350	258	322	317
Africa	923	1 088	1 297	1 318	1 224	1 231
Asia, Australia, New Zealand	644	701	666	718	685	762
	11 359	12 169	12 444	13 306	14 064	15 251

In considering the figures on pages 14 and 15 the treatment of associated companies should be noted.
Sales include sales by subsidiaries to associated companies (sales by associated companies are excluded).
Operating profit does not include any contribution by associated companies but profit attributable includes the concern share of associated companies' profit after taxation.
Capital employed includes our investment in associated companies on the basis shown in note (17) on page 49.

Sales and profit by operations

Fl. million

	1974	1975	1976	1977	1978	1979
Sales						
Margarine, other fats and oils, dairy products	11 609	10 763	9 805	11 502	11 248	12 092
Other foods	9 252	10 220	10 224	11 345	11 332	12 038
Detergents	5 906	6 780	6 596	6 897	6 412	7 265
Toilet preparations	1 226	1 445	1 533	1 657	1 706	1 907
Chemicals	1 570	1 238	1 331	1 514	1 806	2 727
Paper, plastics, packaging	1 401	1 277	1 459	1 645	1 615	1 774
Animal feeds	2 395	2 234	2 310	2 524	2 444	2 934
UAC International	3 328	4 258	4 656	4 261	4 017	3 784
Plantations, transport, other interests	1 982	1 880	1 992	2 369	2 558	3 023
Total sales²⁾	38 669	40 095	39 906	43 714	43 138	47 544
of which internal sales ³⁾	4 198	3 390	3 413	3 835	3 867	4 293
Sales to third parties	34 471	36 705	36 493	39 879	39 271	43 251
Operating profit before taxation and outside interests¹⁾						
Margarine, other fats and oils, dairy products	479	302	504	477	600	538
Other foods	338	416	518	484	577	713
Detergents	494	493	517	473	469	500
Toilet preparations	72	110	127	136	60	105
Chemicals	180	52	95	112	132	228
Paper, plastics, packaging	132	6	92	82	42	32
Animal feeds	36	33	60	61	65	68
UAC International	232	428	588	283	268	210
Plantations, transport, other interests	146	79	101	208	134	175
	2 109	1 919	2 602	2 316	2 347	2 569
Concern share of associated companies' profit before taxation⁴⁾						
UAC International			44	228	185	115
Other operations			13	29	71	64
			57	257	256	179

The movements in exchange rates have had a significant influence on the figures from 1974 to 1979. When expressed in sterling as in the accounts of **Limited** the yearly percentage changes are different from those in guilders.

¹⁾ The figures for Operating profit have been changed from those previously reported to reflect the revised treatment of non-recurring items as explained on page 37.

²⁾ The sales figures reported for product groups are total sales, comprising sales to third parties and internal sales. Internal sales represent supplies of marketable products and services between one industry and another within the organisation.

³⁾ The inclusion of internal sales in the total sales of the product groups properly reflects the sales to which the operating profit of these groups should be related. For the business as a whole only sales to third parties are used.

⁴⁾ This heading was introduced into the profit and loss accounts in 1977 when UAC of Nigeria became an associated company and its results had to be excluded from operating profit. This change in the status of UAC of Nigeria explains the sharp fall in UAC International's operating profit in 1977. Since then some further companies have become associated companies, the largest being Lever Brothers Nigeria (mainly detergents, but also margarine, other foods and toilet preparations). The contribution shown above as 'Other operations' consists of several commodity groups with margarine and detergents the most significant.

Review of operations

Margarine, other fats and oils, dairy products

	1978	1979
Total sales (Fl. million)	11 248	12 092
Increase/Decrease	2%	8%
Operating margin	5.3%	4.4%

World consumption of margarine, butter and all other edible fats and oils increased by 0.3%. Consumption in Western Europe has remained stable; in North America it has increased by 2%. In the rest of the world the previous growth of 4% has been maintained, with the notable exceptions of India and Turkey, where adverse economic conditions caused a sharp decline. Margarine consumption has continued to increase slightly in relation to butter for the fifth year running, as have shortenings and compounds at the expense of other cooking fats.

World market prices for oils and fats firmed during the first half of 1979, despite a 7% growth in production of edible oils during the crop year 1978/79. In Brazil, soyabean production fell but in the United States crops of soyabeans and sunflower seed were greater than in the previous year, as was that of rapeseed in Canada. Output of Malaysian palm oil was also good.

It was a difficult year in which to earn profits in most markets where we operate. They were adversely affected by two major strikes, increased disposals of subsidised butter by the E.C. authorities, and by strong price competition.

In general we were able to keep selling prices in line with changes in raw material prices, and sales volume for the year remained at the same level as in the previous year.

We maintained our share in the total edible fats and oils markets. Our health margarines maintained their position in a static market.

In Northern Europe generally, per caput consumption of margarine continued to decline, except in the United Kingdom, where the market grew and a new brand 'Krona' was successfully introduced. Consumption also increased in France and the Mediterranean countries, where our companies improved their performance. In the United States and Canada our share of the margarine market increased slightly. In the rest of the world sales were good.

Consumer sales of table oil made good progress in Europe, notably in France, where 'Fruit d'Or' continued to do particularly well. Our cooking fat business also did well. We increased sales volume in fresh dairy products such as yoghurts and desserts. Speciality fats for the food industry had a temporary setback during 1979, although sales of cocoa butter equivalents continued to grow.

The oil milling division had another year of low profitability. The margins on soyabean crushing remain low because of competition, especially from Brazil and the United States. Increased crushing of sunflower seed and rapeseed within the E.C. has led to lower margins for these seeds.

In Germany, our largest single market for margarine, 'Sanella' is a long-established brand specially formulated for use in the kitchen. Home baking is of increasing importance, and is usual in more than 80% of households.



Other foods

	1978	1979
Total sales (Fl. million)	11 332	12 038
Increase	—	6%
Operating margin	5.1%	5.9%

Frozen foods

Sales volume was higher than in 1978, particularly in vegetables, as a result of the hard winter, and in meat products. Sales of frozen fish, however, remained static, and sales of dessert products declined. Nevertheless, total results improved because margins were better.

New products helped to contribute to good growth in our companies in the Netherlands, Belgium, France and Germany, which had a good year. Pizza products have again shown sales growth, as have savoury pancakes in Italy. Beefburgers sold well in the United Kingdom, and sales of dough products improved in Austria.

Ice cream

The weather in Northern Europe was as bad as in 1978, but in Southern Europe it was better than average. The sales pattern, therefore, was very mixed, with good growth in the Southern countries. Our established successful products, such as 'Cornetto', were actively promoted and new varieties continued to be introduced. New ranges of ice cream flavours have been successful in a number of countries. Our total results from ice cream were a little better than in 1978.

After a thorough investigation of the ice cream industry in the United Kingdom by the Monopolies Commission, Wall's Ice Cream was found by the Commission to be an efficient producer, and little adverse comment was made on its operations.

Sales in Australia and Trinidad were significantly above 1978 and continued to improve in Brazil. The factories in Belgium and France are being extended, and a major modernisation programme is under way in the United Kingdom. Early in 1979 an agreement was signed for the supply of know-how to Morinaga, a Japanese ice cream manufacturer.

Productivity and efficiency in both frozen foods and ice cream have again been improved by process improvement and investment in new, more effective equipment and mechanisation. Large investments have been made in Birds Eye and Wall's Ice Cream in the United Kingdom, in the Argentan factory in France, and the Cisterna factory in Italy. Our research

continued its contribution to process improvement and the development of new products.

Sundry foods and drinks

The soup market in Europe responded to the cold winter and in many markets sales volume increased. We also improved our market position. Results were particularly satisfactory in instant soups, where new high quality varieties in our 'Royco' range were successful in Belgium and France. Improved quality regular dried soups were launched by Batchelors in the United Kingdom in the latter part of the year.

Tea prices on average were lower than last year, though the trend over the last quarter was slightly upward again. Our tea business continued to make good progress in most countries, with significant volume growth in the Middle East. In Japan the 'Sir Thomas Lipton Connoisseur' brand did well. Lipton 'Yellow Label' tea was introduced in Chile; progress in this brand in Argentina and Brazil was slower than anticipated. Results were disappointing in India, where Lipton suffered from a prolonged strike, and also in South Africa, where very competitive conditions prevailed. In Denmark we acquired Iversen & Larsen, a small tea company.

Our business in mayonnaise and dressings continues to develop well, with the established brands in Europe maintaining their satisfactory growth. We launched mayonnaise in France, Ireland and Switzerland, and a low-oil variety in Spain. A range of dressings was introduced in Brazil.

The chocolate business in the Netherlands and in Austria returned to profitability. In Ireland we had another very disappointing year.

John West, who had a sharp setback in 1978, performed satisfactorily in all their lines, including a good recovery in canned salmon. In addition, they successfully introduced a range of canned meals in Australia.

Hartog in Belgium and Fralib in France achieved substantial increases in profits.

In the United Kingdom, Batchelors has maintained its strong position in dried soups. In the new instant hot snack market, 'Snackpot', developed by our research laboratories, had a notable success.

In the United States, Thomas J. Lipton, Inc. sustained its growth in profits with particularly good results from the tea business, including the successful launch of a range of flavoured teas. During the year we completed the acquisition of Lawry's Foods, Inc., a United States company specialising in flavoured salts, spices and various types of sauces, with a strong market position in these products, particularly on the West coast of the United States.

Capital expenditure continued to be concentrated on improving efficiency. Proposals are currently being considered for the modernisation of Batchelors' canning facilities. The proposals envisage a new plant to be built over a number of years on the existing Batchelors site at Worktop. The substantial investment required will ensure competitiveness in the canned vegetable market.

Meat products

Meat consumption in Western Europe increased at a slow rate. Our business showed a modest growth in sales volume, and results as a whole continued to improve. Margins benefited from low raw material prices, especially during the first half of the year.

In the Netherlands, the reorganisation of our meat business continued with the closure of the factories at Olst and Uithoorn, and the commencement of a major rebuilding programme at the Oss factory. Total sales volume of fresh meat and meat products showed an increase over 1978 despite some production difficulties due to labour shortages. Results suffered from high wage costs.

In the United Kingdom, Mattessons had another good year. The restructuring of our other operations has made further progress, and results in total showed an encouraging improvement over recent years. Losses of the Wall's Meat Company were significantly lower, owing to better operating efficiency and a strengthening position in the market. Negotiations for the sale of Lawson of Dyce in Scotland were unsuccessful and its pig slaughtering and bacon curing activities were closed.

Zwan in Belgium had a satisfactory year. In Germany, Schafft's sales volume was affected by intensified competition in its market.

Our company in Mexico had another record year, and their new factory was completed. In Canada sales volume suffered from escalating beef prices which retarded market growth.

Fish, restaurants and retailing

Nordsee, our trawling, fish processing and trading company, once again encountered difficult fishing conditions. The lack of an agreed E.C. fishing policy continued to be a significant problem. Restrictions on fishing continue to affect trawling adversely, and activities have been further curtailed. The increase in fuel price is an added burden for trawling to bear. Processing and trading sales were disappointing, although results improved over 1978. The restaurant, shop and wholesale trade sides of Nordsee continue to do well. The self-service fish restaurants were successful not only in Germany but also in the Netherlands and Austria.

During the year, the MacMarkets business in the United Kingdom was merged with International Stores Limited, a subsidiary of BAT Industries Limited. Under the terms of the merger, which became effective on 1st July, 1979, shares of International Stores were issued to Unilever which gave it 25% of International's share capital. Both Unilever and BAT have an option to require Unilever's 25% shareholding to be purchased by a BAT subsidiary in 1983.

Detergents

	1978	1979
Total sales (Fl. million)	6 412	7 265
Increase/Decrease	7%	13%
Operating margin	7.3%	6.9%

Our research effort on new and improved products continues actively and, particularly in markets outside Europe and North America, which are developing rapidly, it is concentrated on washing products which are specifically designed to give better results in conditions peculiar to the countries concerned. This work covers detergent bars, pastes and powders, all of which offer the consumer products appropriate to the various washing and laundry habits.

Market growth in Europe in 1979 was higher than in previous years and we improved our market position considerably against continued strong competition. Profits also increased. In the fabrics washing market good progress was made with established brands, notably in the United Kingdom, where 'Persil Automatic' had another excellent year of growth; a new brand, 'Luzil', was established successfully in Spain. We also did well in markets for liquid products, particularly fabric softeners, hygienic cleaners and liquid abrasive cleaners, notably in Italy.

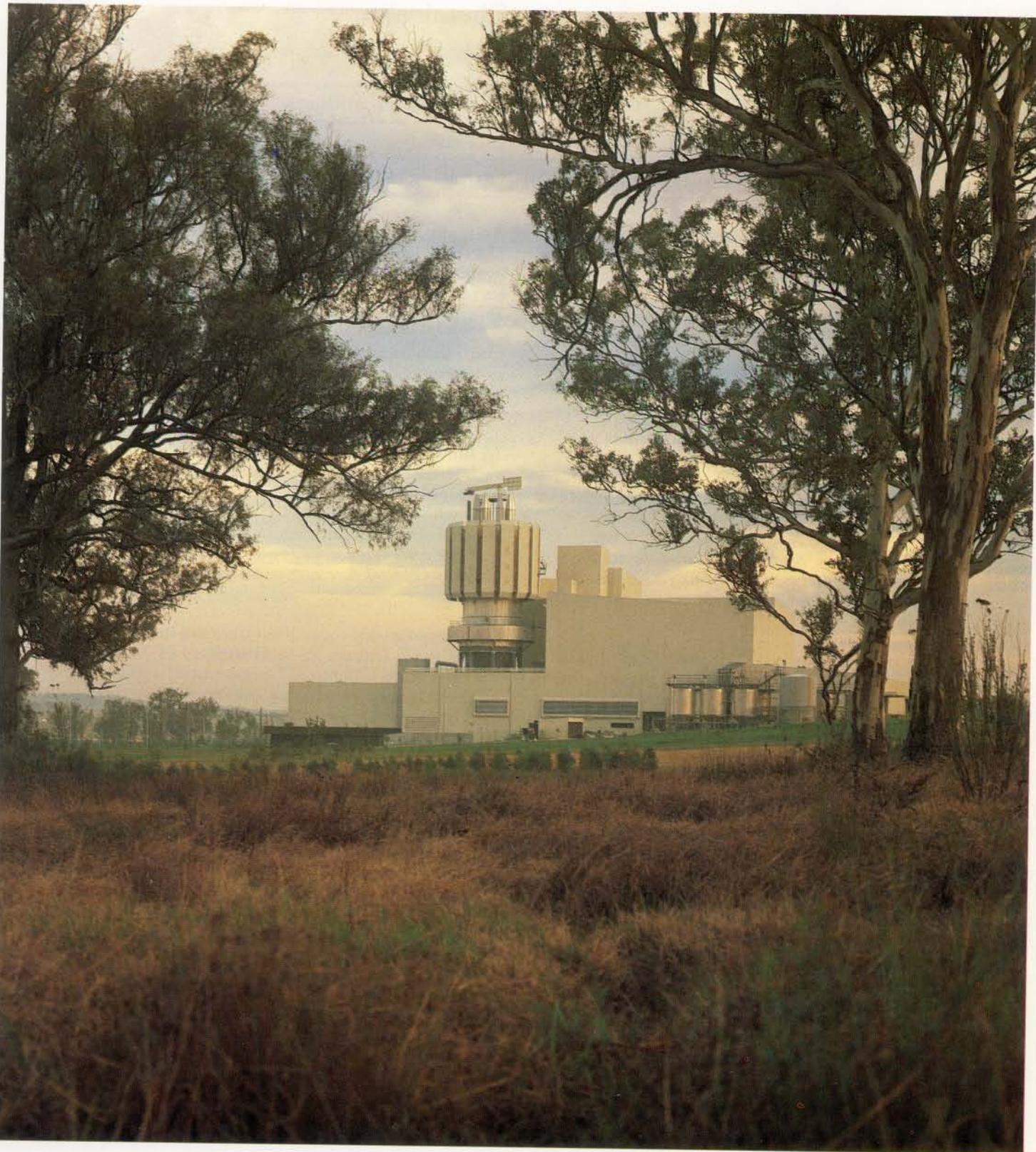
Our industrial detergents business continued to make good progress.

In North America we maintained our market position despite heavy competitive pressure. Results in the United States remain unsatisfactory.

Outside Europe and North America sales growth accelerated after a slow-down in 1978. Fabric washing powders and toilet soaps made a good contribution. Worthwhile progress was made in most countries, especially in Argentina, Indonesia, New Zealand, Thailand and Zaïre. Import constraints in Nigeria adversely affected the business there. Total profitability remained satisfactory, despite pressure on margins due to high inflation.

In the United Kingdom capacity for liquid products was greatly increased. Investment programmes are under way in Brazil, France, Italy, Nigeria and the United States in order to increase capacity and maintain production efficiency. In the competitive detergent industry we have to invest capital to keep production costs down so as to give consumers good value.

Lever & Kitchen's detergent powder factory at Minto, Campbelltown, New South Wales — one of the biggest of its kind in the world — was officially opened in December, 1979. To harmonise the factory with its rural setting, a significant proportion of its cost was spent on environmental engineering and equipment, and there was extensive landscaping and tree-planting around the site.



Toilet preparations

	1978	1979
Total sales (Fl. million)	1 706	1 907
Increase	3%	12%
Operating margin	3.5%	5.5%

In 1979 world sales of toilet preparations exceeded Fl. 40 000 million. Our business is principally in the shampoo, dentifrice, deodorant, hairspray and skin product sectors and also in perfumery. Consumption increased moderately in Europe, North America and Japan, and at a faster rate in the rest of the world. However, sales of hairsprays declined, while the deodorant market was static.

We increased our market shares particularly in toothpaste and deodorants. In Europe, a recovery in France and further improvement in Italy were offset by poor results in the Netherlands and Belgium, and less favourable results in the United Kingdom. We held our market position in North America despite heavy competitive pressure and in the United States we completed the launch of 'Signal' mouthwash. In the rest of the world sales improved substantially and results were good, particularly in Chile, Indonesia and South Africa.

'Denim' men's toiletries and our perfumed deodorant 'Impulse' were introduced into additional markets in Europe and North and South America. In the large toothpaste and shampoo markets our established brands like 'Signal' and 'Sunsilk' were relaunched in a number of countries with benefits from improved product technology.

We introduced in Austria and France a sanitary protection product which represents a new consumer market for us, and good progress has been made. The product is a result of our research and development in the field of new super-absorbent materials.

In order to reflect more accurately our comprehensive range of products, it has been decided that in future our operations in this field will be described by the name 'Personal products'.

Chemicals

	1978	1979
Total sales (Fl. million)	1 806	2 727
Increase	19%	51%
Operating margin	7.3%	8.4%

Buoyant demand in Europe caused our sales to be well ahead of 1978 both in value and volume. Rising raw material prices, particularly in petrochemicals, led to increases in the selling prices of many of our products. Profits in Europe were higher than in 1978.

Our measures to improve the productivity of our synthetic resins operations in Europe have begun to show results in 1979 and margins improved appreciably.

In the United Kingdom, Crosfields had a satisfactory year, particularly in the new product areas of textile chemicals, concrete additives and polyelectrolytes.

Proprietary Perfumes again had a record year in both volume and sales. Our food additives business in emulsifiers and flavours continued to expand to other countries in Europe.

Unilever-Emery — our joint venture in the Netherlands with Emery Industries (a subsidiary of National Distillers and Chemical Corporation) — was adversely affected in export sales by the strength of the guilder and only modest profits were made.

In the United States, National Starch and Chemical Corporation (National Starch), whose results for the full year are now included for the first time, had sales and profits which, in total, were higher than in 1978. In industrial resins and starch products, increased sales volume led to good results. In adhesives, however, except for the high technology 'Ablestik' operation, sharp competition caused lower margins. In new products, satisfactory sales were achieved in resins for hair control and binders for non-woven interlinings. There were good performances from National Starch interests in a number of other countries.

In Australia, Canada and South Africa profits of our chemicals operations were up on 1978. The new sodium tripolyphosphate plant in India was opened in the latter part of the year. Plans were announced to build a new oleochemicals complex in Malaysia.

This new Fl. 60 million chemicals plant on a 200 acre site at Haldia, West Bengal, the third to be opened by Hindustan Lever during the past three years, produces sulphuric acid, phosphoric acid and sodium triphosphate. Only 10% of its equipment had to be imported.

The West Bengal Chief Minister, Mr. Jyoti Basu, inaugurated the plant at a traditional ceremony in October, 1979.

Mr. T. Thomas, a Unilever director and chairman of Hindustan Lever, thanked the West Bengal Government for its co-operation, which had enabled the project to be completed ahead of schedule.



Capital expenditure increased on the previous year. Particular emphasis has been on cost reduction investments. Our chemicals operations are big energy users and significant improvements have been made in both the quantity and cost of energy used. For example, Crosfields have installed equipment at their Warrington factory to tap previously unused mine gas. This brings a substantial cost saving.

During the year capital expenditure was authorised for extension of capacity for manufacture of specialised silicas at Warrington in the United Kingdom, for a new catalyst plant at Emmerich, Germany, and for facilities for powder paint manufacture at Dourdan, France. In the United States a new gelatine plant at Sioux City, Nebraska, was completed and new perfumery facilities at Ramsey, New Jersey, were opened during the year.

Capital expenditure by National Starch continued at a high level. Of particular importance was the expansion of capacity of the Indianapolis starch complex, the completion of the plant to manufacture 'Permasorb', a super-absorbent polymer, at Salisbury, North Carolina, and additional polymer reactor capacity at Meredosia, Illinois.

A substantial part of our research and development expenditure is devoted to the creation of novel chemical products. We have had particular success in powder paints, pressure emulsions, specialised silicas and high quality food emulsifiers.

Paper, plastics, packaging

	1978	1979
Total sales (Fl. million)	1 615	1 774
Increase/Decrease	2%	10%
Operating margin	2.6%	1.8%

In Europe, continuing over-capacity had an adverse effect on the paper board market, even though demand for packaging was stronger. In the United Kingdom, Thames Board Mills also had to deal with increased paper board imports due to the relative strength of sterling.

The United Kingdom market for home décor products was comparatively buoyant but movements in exchange rates adversely affected margins in the important export business.

Although profits from packaging improved, albeit from a low level, results in total were lower than last year because of the road haulage dispute in the United Kingdom, and heavy restructuring and start-up costs incurred by Nairn International and Thames Board Mills.

Thames Case started to operate a new heavy duty case factory at Northampton. The corrugated case operation had a good year and increased volume and profits.

Nairn International's new factory at Kirkcaldy for four-metre-wide cushioned vinyl floor covering commenced production and construction of the second phase is on schedule. The new ranges of floor and wall coverings have been favourably received.

In Germany, all the 4P packaging companies showed useful profit gains compared with the previous year. The 4P businesses in other countries had improved results. New equipment for the production of sophisticated multi-layer film for flexible packaging is being installed in the Ronsberg factory in Germany.

Animal feeds

	1978	1979
Total sales (Fl. million)	2 444	2 934
Increase/Decrease	3%	20%
Operating margin	2.7%	2.3%

Sales of animal feeds in 1979 were better than in 1978, mainly because the adverse weather conditions in the early part of the year led to a strong feed demand and also because consumption of livestock products rose slightly. Raw material costs increased after the relative stability of 1978.

In the Netherlands, although the pig and poultry markets were both severely depressed for most of the year, our compound feeds business nevertheless improved on its 1978 performance.

In the United Kingdom our compound businesses had another good year and extended and modernised their production capacity. Improvements in the range and quality of customer services were introduced including a major reorganisation of our pig breeding and pig marketing operations.

The compounds business in France, however, had poor results, partly because of shortage of capacity arising from modernisation and extension work at production plants. During the year we acquired additional modern compounding facilities.

Other United Kingdom based activities made encouraging progress during the year. Our poultry operations began to achieve substantial benefits from recent investments in modernised processing plant and improved distribution and customer service facilities. Agricultural merchandising made steady progress and provided an improved range of services to the agricultural industry. Fish farming, despite a very severe winter, progressed very satisfactorily. Benefits are now accruing from the commissioning of a new hatchery and we have successfully entered the market for fish feeds.

Export activities from the United Kingdom were maintained, and we undertook the sales development of 'Intagen' prophylactic antigen against bacterial disorders of the gut in young animals, which was developed through our research and is already commercially available in the United Kingdom.

UAC International

	1978	1979
Total sales (Fl. million)	4 017	3 784
Decrease	6%	6%
Operating margin	6.7%	5.5%

The figures above cover subsidiaries only and include sales to associated companies. The principal associated company in the UACI Group is UAC of Nigeria (UACN). The UACI contribution to Concern share of associated companies' profit before taxation was

1978	1979
185	115

The review of UACI activities by divisions which follows includes both subsidiaries and associated companies.

The check to economic growth in several African countries produced a downturn in the fortunes of UACI, but operations in the United Kingdom companies in total had good results. The cutback in government spending in Nigeria was reflected in reduced expenditure on investment and consumer goods, while supplies were curtailed and delayed by import licensing and pre-shipment inspection procedures. Turnover and margins fell in Nigeria itself and exports to that country were adversely affected. In French-speaking Africa profits improved despite the slow-down in economic activity in the Ivory Coast and the serious unrest in Tchad. In Kenya a slight setback in the economy reduced results, but results in Tanzania remained good. Trading conditions in the Arabian Gulf improved a little.

The breweries had another excellent year. In Nigeria they successfully met greatly increased competition from newly-established companies and price controls were relaxed. In Ghana and Sierra Leone good results were achieved despite difficult trading conditions. Sales and profits in Tchad suffered from the civil strife.

Our building materials businesses had mixed fortunes. The businesses in West Africa were hit by import restrictions. In the United Kingdom there was an improvement in results, although results of the garden centres suffered from the severe winter.

UACN's foods operation in Nigeria was severely affected by restrictions on the import of meat and a scarcity of packaging materials. However, ice cream sales rose.

Medical Division, with research support, has produced new products. Our antibiotic sensitivity test kit, 'Sensititre', has been launched in the United States, having passed the stringent standards set by the Food & Drug Administration. In Europe our 'Immunostics' diagnostic reagents show promise of growth. Pharmaceutical production facilities in the United Kingdom have been augmented. UACN's toiletries business in Nigeria produced good profits in spite of shortages of imported raw materials and packaging materials. Import restrictions also curbed sales of photographic equipment, although colour processing facilities were expanded.

Despite both supply and market conditions being difficult, all the Motors Division's activities in the United Kingdom did well. Productivity and profits rose, notably in vehicle body-building and the motor parts and accessories business acquired in the previous year. UAC of Ghana's profits in this field improved in response to a better supply situation, but elsewhere in Africa profits of motors operations fell.

The businesses in French-speaking Africa performed better in total, mainly because of higher profits in Cameroun, Gabon and Niger. The textile businesses had another good year and much better results were achieved by the wax block printing company in the Ivory Coast. In France we disposed of 80% of our automotive spare parts business. Our electrical wholesale companies produced satisfactory results.

The general trading activities of the G.B. Ollivant Division were adversely affected by import cuts and reduced government expenditure in Nigeria. Kingsway Stores in Nigeria, however, produced better results because it started the year with a high stock level. Results from G.B. Ollivant's office equipment businesses in the United Kingdom were disappointing and greater emphasis is being placed on the distribution and servicing of items incorporating higher technology.

In the course of its modernisation programme, Palm Line built two new vessels equipped to handle the increasing proportion of container traffic in the West African trade. These replaced four old ships which were sold. In 1979 there was a fall in Palm Line's profits because of a temporary reduction in southbound tonnage.

The textiles manufacturing and distribution companies in Ghana and Nigeria performed satisfactorily in difficult trading conditions. In both countries the businesses suffered from shortages of raw materials, as did the paper and packaging business in Nigeria.

Very good results came from our timber companies in Indonesia and the Solomon Islands. In order to ensure continued raw material supplies for the timber business in Nigeria, we are seeking assurances from the government on the availability of timber concessions.

Unamec, operating in machinery sales and servicing, had lower results than in 1978, though better profits were made in our Detroit Diesel Allison distributorship in Australia and in hydraulic hose fittings which we manufacture in the United Kingdom and export to many countries. In Nigeria the production of television sets has been stepped up. We acquired a further Detroit Diesel Allison distributorship in Singapore.

All our Caterpillar dealerships were adversely affected by cutbacks in expenditure on road building and construction work in general. Leverton in the United Kingdom was able partly to offset this by increasing its sales of lift trucks and of machinery and parts for open-cast mining.

Plantations

Crop yields and prices were generally higher than in 1978. The profits earned by Plantations Group showed a satisfactory increase. Production was higher everywhere except for cocoa in Africa. In Malaysia we produced record tonnages of palm oil and kernels.

The development programmes in Cameroun and Ghana are proceeding satisfactorily. The rehabilitation programme in Zaïre, which is being carried out in conjunction with the government and the World Bank, is making steady progress.

Our company in the Solomon Islands is embarking on a development programme in coconuts and cocoa. Negotiations for the acquisition by the Solomon Islands government of a 40% interest in the company are at an advanced stage.

Transport

Although the market grew only slowly in 1979, many of our companies have achieved significant improvements in volume and margins. Profits have therefore increased substantially over the low level of 1978. We have continued our programme of restructuring depot networks, and taking advantage of the rapid advances in computer technology. Such developments improve the efficiency of our operations and service.

The most profitable of our transport companies was again Elbe in Germany, whose spread of activities is wide. It has expanded its trunk haulage operations and has taken delivery of a new coaster for its successful shipping activities. The other companies with shipping interests, Norfolk Line and Alvracht in the Netherlands, have also performed very well. Further expansion in capacity is planned.

In Italy and Spain, our nationwide warehousing and distribution services have grown fast and profitably, but in Belgium and France margins were very tight. The restructuring of Unitransa, our groupage company in Spain, has been completed at a high cost in redundancy payments, but volume has been maintained.

In the United Kingdom, the road haulage strike had a serious effect on S.P.D., although the group was not directly involved. It recovered well in the second half of the year. Our hanging garments joint venture continued to expand and improve its market position despite a downturn in the textile market in the second half of the year.

Other interests

Contracts have been signed to give effect to the agreement in principle to which we referred last year under which Interpublic will acquire our 51% interest in the SSC&B:Lintas advertising agency companies. The implementation of these contracts remains subject to the fulfilment of the same conditions as those we referred to last year; consequently it is likely that the acquisition by Interpublic will take place after December, 1981.

Exports

In 1979 our exports reached a combined total of Fl. 6 424 million. This compares with Fl. 5 960 million achieved in 1978.

The values of our shipments from each of the three main exporting countries, and from all other countries combined, which total nearly 40, are as follows:

Fl. million	1978	1979
The Netherlands	1 923	2 113
United Kingdom	1 724	1 654
Germany	1 366	1 632
Other countries	947	1 025

There were increases in exports of oil milling products and chemicals from the Netherlands and Germany; meat and sundry foods were also important for the Netherlands.

Exports from the United Kingdom were affected by a steep drop in merchandise shipments by UAC International; other exports from the United Kingdom consisted chiefly of chemicals, detergents, packaging, edible fats and other foods.

Research and development

Expenditure on research and development in 1979 totalled Fl. 602 million (1978: Fl. 532 million).

Research and development are key activities for the future profitability of Unilever. Whilst considerable development is done by subsidiary companies, a major part of the R & D resource is deployed in our Research Division. The role of the Division is to support the existing product areas by improvement of their products and processes and by innovation. It has the task of identifying new opportunities which may derive from our own scientific base or arise from general advances in science and technology.

Our research lies mainly in three areas: biosciences, physical sciences and engineering. Developments in each of these can and do have important implications for many of the Unilever product groups. For example, the Division maintains in the biosciences area a substantial effort on cellular biology embracing the structure of the cell and its physiology. This has given us a better understanding of the immune response of the body, which has been used to develop a product, 'Sensititre', for use in the diagnosis and treatment of certain diseases. Our work on genetic engineering will undoubtedly have beneficial effects on the quality and yield of plantation crops; and the cellular research gives us generally greater understanding of important areas to us such as gum disease and hair growth.

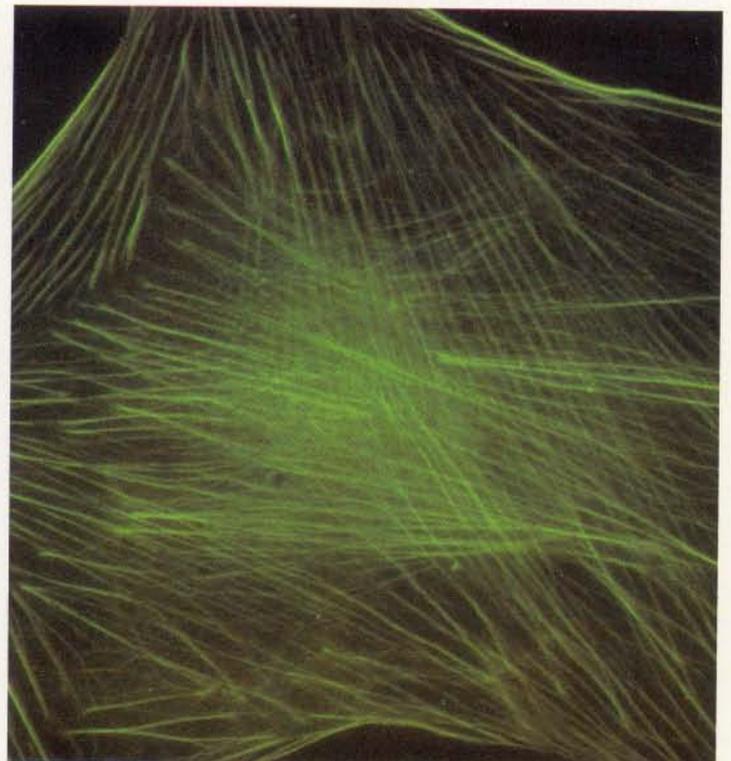
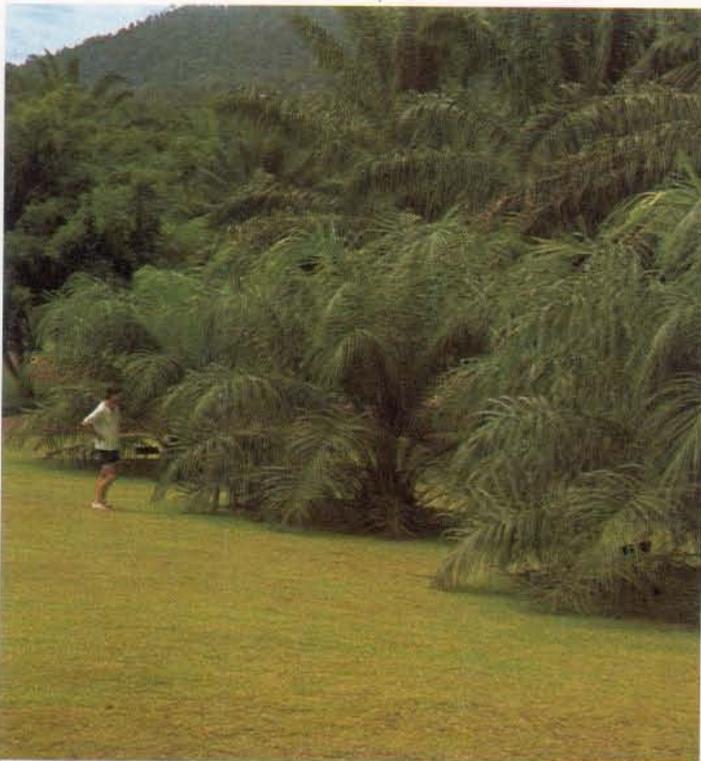
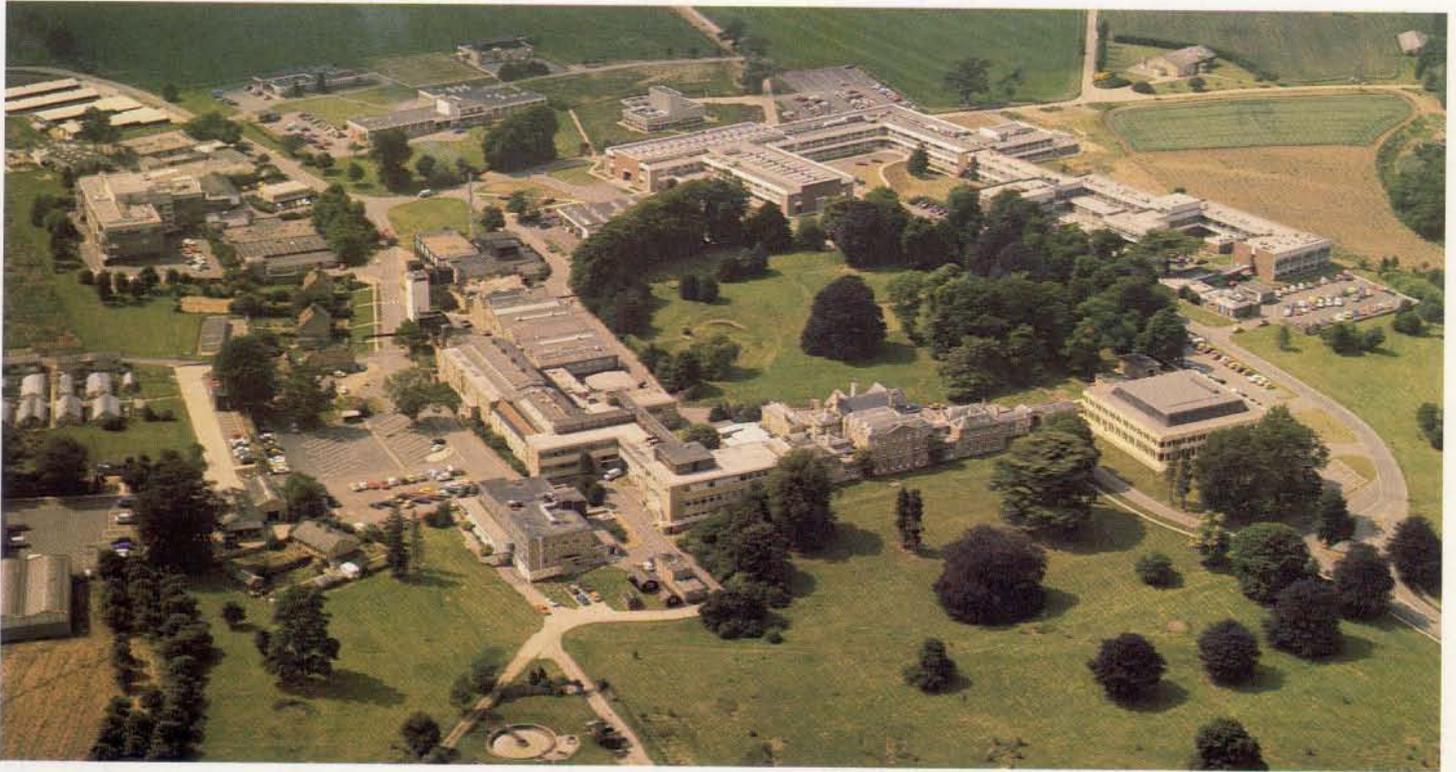
Research in the physical sciences covers a wide range and is of importance in the technology of virtually all our product groups. Our work in colloids gives us better understanding of emulsions, dispersions and foams which in turn is reflected in better texture of margarine, improved detergency and better processing of ice cream. Research in this area has also led to the development of a super-absorbent gel now being used in a new sanitary protection product. The physics of the process of crystallisation and precipitation is another area which has potentially wide benefits embracing better use of phosphate builders in detergents, more efficient precipitation of silicas for our chemicals business; and perhaps most important in our margarine where crystallisation of the fats is a key process in the build-up of proper texture.

Finally, we consider that research in the engineering sciences is essential to the development of efficient processes, both for existing products and to produce new products. There is significant effort on understanding the interaction between the process and the properties of the final product, since the raw materials for many of our products can undergo

The Unilever Research Laboratory established in 1947 at Colworth House, Bedfordshire, has grown to become the largest food research laboratory in Europe, engaged in studying human and animal nutrition; the use of raw materials; product and process development, and the biological safety of Unilever products.

Oil palms in Malaysia originally produced at Colworth by controlled cell culture techniques.

An enlargement of one of three different sets of filaments found within animal and plant cells which act like a skeleton, supporting the cell and determining its shape. This one, known as an 'actin cytoskeleton', is also responsible for movement.



structural changes during processing. We have to understand these and the effect of the process on the raw materials so that the final product has the properties which the consumer requires.

Energy

Since 1973 the cost of energy has increased enormously and we have been looking at the conservation of energy as an important priority in our factories. As part of this programme we have in construction and in operation a

number of full-scale demonstration projects covering solar heating, coal-fired solutions to all our process heat needs, waste burning, and on-site electricity generation. Each of these projects is profitable in its own right at the demonstration site and can be installed more generally as the need or the opportunity arises.

We have succeeded in making a 6% saving in direct energy costs.

Personnel

The table below shows the total number of our employees and the employees of our associated companies. It also shows their geographical distribution together with comparable figures for 1978.

(000's)	1978			1979		
	Parent companies and subsidiaries	Associated companies	Total	Parent companies and subsidiaries	Associated companies	Total
European Community countries	172	4	176	162	5	167
Other European countries	16	1	17	16	1	17
North America	23	—	23	22	—	22
Central and South America	10	3	13	11	3	14
Africa	56	53	109	58	49	107
Asia, Australia, New Zealand	39	6	45	40	6	46
	316	67	383	309	64	373

The decrease in the number of employees in the European Community countries is mainly caused by the exclusion of MacMarkets in the United Kingdom and the automotive spare parts business in France. Additionally there were some closures and reorganisations in Europe and elsewhere.

Skilled, competent and dedicated employees, effectively managed, constitute the most important asset of any company and so we, in Unilever, attach great importance to the personnel function. We have a large number of subsidiary companies which operate in some 75 countries and this means that the key task of recruitment and training of our employees must lie with the local management. Thus, although the scope for central development of personnel policies has some limitation, there are nevertheless unifying aspects of our philosophy which need to be embraced throughout Unilever.

The common goal is to create and maintain effective teams of employees well motivated and with a clear

sense of common purpose which is accepted and understood and supported by all concerned. This form of team identity is very important for the long-term prosperity of each of the parts of our international business. This approach of building up our strength from the base is augmented by our efforts to foster some common beliefs which we try to share with our employees. The most important of these common principles is the basic belief that there should be equal opportunity for all. We therefore aim for our employees to be recruited, employed and, when possible, promoted on the basis of their qualifications for the work to be performed, irrespective of differences in race, religion, sex or nationality. We realise that this is not yet possible, in practice, everywhere and we cannot break the law or deviate offensively from local custom in pursuing this goal. Nevertheless, we cannot take for granted a social structure which contravenes this objective.

We have a continuing and substantial effort in training, in personnel development planning and in offering

promotion opportunities when possible, and we try to contribute to the possibilities for individual self-development; but the basic responsibility to accept and practise broader and improved skills must remain always with the individual employee.

We believe in regularly informing our employees about the progress and activities of their companies and consulting them about major changes. We have, of course, to take account of the fact that different companies in different countries are at various stages in the evolution of employee participation, but a greater understanding by our employees of the affairs of their companies can only be beneficial to our operations.

We also believe that the success of the enterprise and the interests of our employees depend on our ability to provide for job satisfaction through the full and effective deployment of their ambitions, talents, energy and experience. We therefore strive for work assignments which, while matching their abilities, attempt to give individuals and groups the satisfaction of meeting a challenge as well as their expectations about the quality of their working lives.

Dividends

The proposed appropriations of the profits of N.V. and Limited are shown in the consolidated profit and loss accounts on page 38.

The Boards have resolved to recommend to the Annual General Meetings on 14th May, 1980 the declaration of final dividends on the Ordinary capitals in respect of 1979 at the following rates, which are equivalent in value in terms of the Equalisation Agreement:

N.V.	
per Fl. 20 ordinary capital	
Interim	Fl. 3.56
Final	Fl. 6.32
<hr/>	
Total	Fl. 9.88 (1978: Fl. 8.80)
Limited	
per 25p ordinary share	
Interim	8.94p
Final	15.11p
<hr/>	
Total	24.05p (1978: 22.67p)

Together with the interim dividend declared in November, 1979, the proposed final dividend will result in a total dividend for Limited for 1979 which is approximately 6% more than Limited's total dividend for 1978. The strengthening of sterling against the guilder in the context of the Equalisation Agreement is the cause of the greater percentage increase in N.V.'s total dividend.

It is intended to make the N.V. final dividend of Fl. 6.32 obtainable from 27th May, 1980.

The Limited final dividend will be paid on 27th May, 1980 to shareholders registered on 29th April, 1980.

Following the expiry on 31st July, 1979, of dividend restrictions in the United Kingdom the balance of dividends declared by Limited but unpaid because of those restrictions, amounting to 35 pence per share, was paid on 1st August, 1979.

For the purpose of equalising dividends under the Equalisation Agreement, Advance Corporation Tax (ACT) in respect of any dividend paid by Limited has to be treated as part of the dividend. Limited's 1979 final dividend has been calculated by reference to the current rate of ACT; if the effective rate applicable to payment of the dividend is different the amount will be adjusted accordingly and a further announcement made. Limited's total dividend declaration for 1978 of 22.67 pence is 0.75 pence higher than the previously published figure due to the reduction in the rate of ACT.

Final dividends on the New York shares of N.V. will be payable as from 16th June, 1980.

After provision for the Ordinary dividends for 1979 it is proposed to set aside Fl. 457 million (N.V. Fl. 225 million, Limited Fl. 232 million) to reserve for replacement of fixed assets (on behalf of subsidiaries).

Directors

Mr. C. T. C. Heyning whose intention to retire has already been announced will not offer himself for re-election at the Annual General Meeting.

Mr. Heyning has served Unilever for 30 years and has been a Director for 12 of them. He joined the Legal Department of N.V. in 1950 and has served on the Netherlands and French National Managements. He has been Regional Director for Continental Europe since 1974. His colleagues wish to record their appreciation of his contribution to Unilever's success over the years.

In accordance with Article 21 of the Articles of Association all the remaining Directors named on page 3 will retire from office at the forthcoming Annual General Meeting and will offer themselves for re-election.

In April, 1979, Sir David Orr, chairman of **Limited** and a Vice-chairman of N.V., was appointed a Commander in the Order of Oranje-Nassau.

In January, 1980, Mr. H. F. van den Hoven, Chairman of N.V. and a Vice-Chairman of **Limited**, was appointed an honorary Knight Commander of the Order of the British Empire (K.B.E.).

The Directors record with deep regret the death in November, 1979, of Lord Cole of Blackfriars, who was Chairman of **Limited** from 1960 until his retirement in 1970.

Sir Frank Roberts and Mr. Milton C. Mumford have indicated their wish to retire as Advisory Directors. The Directors wish to express to both of them their thanks for their help and friendship as Advisory Directors, particularly for Sir Frank's help in the field of international affairs and Mr. Mumford's in relation to the business scene in the United States.

At the Annual General Meeting in 1979 Mr. T. Thomas was elected a Director.

In March, 1980, Lord Hunt of Tanworth was appointed an Advisory Director of both N.V. and **Limited**.

Auditors

The auditors, Price Waterhouse & Co., The Hague, and Coopers & Lybrand Nederland, Rotterdam, offer themselves for reappointment.

By order of the Board
C. Zwagerman
J. D. Keir
Secretaries
25th March, 1980

N.V. and **Limited** are linked by a series of agreements of which the principal is the Equalisation Agreement. Amongst other things, this requires the dividends and other rights and benefits (including rights on liquidation) attaching to each Fl. 12 nominal of Ordinary share capital of N.V. to be equal in value at the current sterling/guilder rate of exchange to those attaching to each £1 nominal of Ordinary capital of **Limited** as if each such unit formed part of the Ordinary capital of one and the same company.

Companies legislation

The accounts have been prepared on the historical cost convention and comply with Civil Code, Book 2 in the Netherlands and with the United Kingdom Companies Acts 1948 and 1967.

Combined figures are given for the information of shareholders.

Accounting standards

The Equalisation Agreement provides amongst other matters for both companies to adopt the same principles of accountancy. The accounts comply with Dutch requirements and with Accounting Standards in the United Kingdom, except for the treatment of deferred taxation as explained below.

United Kingdom Accounting Standard SSAP 15, which became effective in 1979, requires provision to be made for deferred taxation except in so far as the directors are able to foresee on reasonable evidence that no liability is likely to arise. In this latter respect, however, it conflicts with Dutch law as currently applied and because of this and the Equalisation Agreement full provision continues to be made for deferred taxation liabilities.

United Kingdom stock relief is not regarded as a potential liability to the extent that, as a result of specific legislation, it is expected to become permanent.

N.V. Group¹⁾

To the Members of Unilever N.V.

We have examined the 1979 accounts of Unilever N.V. Based on this examination, in our opinion these accounts (set out on pages 34 to 53 and 58 to 62) together give a true and fair view of the state of affairs of the Company and the Group at 31st December, 1979 and of the profit and source and use of funds for the year then ended.

Price Waterhouse & Co.
The Hague

Coopers & Lybrand Nederland
Rotterdam

25th March, 1980

¹⁾ Signed by auditors authorised under Article 102 of Dutch Civil Code, Book 2.

Limited Group

To the Members of Unilever Limited.

We have examined the accounts set out on pages 34 to 51 and 54 to 62. For the reasons set out opposite the Group has departed from United Kingdom standard accounting practice by making provision for certain deferred taxation which is unlikely to become payable in the foreseeable future. In the circumstances we concur with this departure, the effects of which are shown in the notes to the accounts.

In our opinion the accounts and the notes relevant thereto together give a true and fair view of the state of affairs of the Company and the Group at 31st December, 1979 and of the profit and source and use of funds of the Group for the year then ended and comply with the Companies Acts 1948 and 1967.

Coopers & Lybrand
London

Price Waterhouse & Co.
London

25th March, 1980

Accounting policies

Foreign currencies

Gains and losses arising in each individual company as a result of changes in the relative value of currencies during the year are included in the local currency operating profit of the individual company concerned.

In consolidating subsidiary companies of **N.V.** into guilders and of **Limited** into sterling exchange rates current at the year-end are used for translation of sales and profit for the year and assets and liabilities at the year-end. The effect of exchange rate changes during the year, on the assets and liabilities at the beginning of the year, is shown as a movement in profit retained.

In arriving at the combined figures in guilders the sterling figures of **Limited** are translated at the year-end sterling/guilder exchange rate, except for the ordinary capital of **Limited** which is translated at the Equalisation Agreement rate of £1 = Fl. 12. The effect of restating the assets and liabilities of **Limited** at the beginning of the year is described as sterling/guilder realignment and is shown as a movement in profit retained.

Consolidated companies

Companies included in the consolidated accounts of **N.V.** or **Limited** are those in which directly or indirectly **N.V.** or **Limited** either holds more than 50% of the equity capital or being a shareholder controls the composition of a majority of the Board of Directors.

Further, in accordance with Civil Code, Book 2 in the Netherlands, **N.V.**'s consolidated accounts include those companies in which **N.V.** holds directly or indirectly more than 50% of the total issued capital.

A list of principal subsidiaries is given on pages 58 to 61.

Recognising the diversified nature of the operations of their substantial interests in and trade with overseas territories, the majority of the UAC International group of companies close their financial year on 30th September. Their accounts at this date are included in the consolidation.

Associated companies

These are companies, not being consolidated companies, in which **N.V.** or **Limited** has significant shareholdings and participates in commercial and financial policy decisions. The sales and operating profits of associated companies are excluded from the consolidated profit and loss accounts, but the concern share of the results of these companies including interest due on loans is shown separately after operating profit.

The results relate to periods ending not earlier than 30th June.

The concern share of retained profits and reserves which has accrued since acquisition, or since the initial investment where a company has changed from a subsidiary to an associate, is included in consolidated profit retained.

The principal associated companies are listed on page 62.

Trade investments

These are minority investments in companies not being consolidated or associated companies with which N.V. or **Limited** has a long-term trading relationship. There are some 200 such investments throughout the world.

Trade investments are shown at cost less amounts written off and dividends are accounted for when received.

A statement summarising the interest in the results and net assets of all trade investments is given on page 49.

Goodwill

No value is attributed to Goodwill in the business and the difference between the price paid for new interests and the fair value of the net tangible assets acquired is adjusted against profit retained in the year of acquisition.

Fixed assets

Fixed assets are stated at cost, net of capital based grants. Depreciation is provided by the straight-line method at percentages of cost related to the expected average lives of the assets.

The major classes of depreciable assets with their estimated useful lives are summarised below; the spread of lives recognises the diversity of the assets within each class:

Freehold buildings (no depreciation on freehold land)	33–40 years
Leasehold land and buildings (or life of lease if less than 33 years)	33–40 years
Plant and equipment	5–20 years
Motor vehicles	3– 6 years
Ships	10–20 years

Current assets

Stocks are consistently stated on the basis of the lower of cost and net realisable value, after provisions for obsolescence. Cost—mainly averaged cost—includes direct expenditure and, where appropriate, a proportion of manufacturing fixed costs.

Debtors are stated after deducting adequate provision for doubtful debts.

Marketable securities represent liquid funds temporarily invested and are shown at their realisable value.

Pensions

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

Deferred liabilities

Unfunded retirement provisions are as noted under Pensions above.

Deferred taxation, provided at the rates of tax applicable at the year-end, includes deferred tax on the accelerated depreciation of fixed assets for tax purposes, tax reliefs relating to stock values (except as noted below) and short-term timing differences, less the estimated future tax relief on the provisions for unfunded retirement benefits. Provision is also made for deferred taxation on the revaluation of the net tangible assets of new interests acquired.

Provision is not regarded as necessary, and is not made, for deferred taxation in respect of the following items:

- (a) that part of the United Kingdom tax relief relating to stock values which is expected to become permanent;
- (b) tax which would become payable if retained profits of subsidiaries and associated companies were distributed to the parent companies, as it is not the intention to distribute more than the dividends, the tax on which is included in the accounts.

The deferred taxation provisions which would be released if the United Kingdom Accounting Standard SSAP 15 were applied are given for information in the notes to the accounts on pages 42 and 46.

Exceptional items

In previous years items of an exceptional nature (e.g. disposals and reorganisations) have been shown separately as non-recurring items below operating profit. These items are now included in operating profit and are disclosed in note (1) to the consolidated accounts as 'exceptional items'. Figures for previous years have been adjusted on to the new basis.

Research and development

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

Inter-group pricing for goods and services

International trade in own manufactured goods between Unilever companies is relatively unimportant. Such transactions represent under 7% of total turnover.

The preferred method for determining the transfer prices is to take the market price; where there is no market price, the two managements concerned engage in arm's length negotiations. Normally this will lead to a price fixed at ex-works cost plus an appropriate percentage for a profit mark-up. Where required the method employed is discussed and agreed with the government authorities of the countries concerned.

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

Where a central purchasing department buys goods for a Unilever company for use in its production, then that company is either treated as the buyer in the contract or is given the benefit of the central purchasing department's contract price. However, where a specialist buying service is provided directly by one unit for another, an appropriate commission is generally either included in the price or shown on the face of the relevant documents. In most of these cases the method applied is based on agreements with the taxation and other government authorities of the countries concerned.

Consolidated source and use of funds

Unilever N.V. and Unilever Limited and their subsidiaries
for the year ended 31st December

1978			1979		
Fl. million			Fl. million		
Limited	N.V.	Combined	Combined	N.V.	Limited
1 402	1 737	3 139	3 344	1 913	1 431
1 343	1 088	2 431	2 556	1 251	1 305
187	25	212	134	23	111
232	545	777	857	585	272
14	129	143	130	93	37
—	—	—	65	7	72
19	582	601	88	110	22
1 421	2 319	3 740	3 256	1 803	1 453
333	396	729	746	357	389
521	690	1 211	1 413	797	616
16	1 038	1 054	77	205	128
51	13	64	33	3	36
274	300	574	881	502	379
125	177	302	861	426	435
323	347	670	674	391	283
174	224	398	654	315	339
84	288	372	654	299	355
86	11	75	139	93	46
1 365	2 714	4 079	3 877	2 256	1 621
56	395	339	621	453	168
535	984	1 519	1 151	586	565
19	3	16	74	35	39
45	—	45	32	—	32
509	981	1 490	1 257	621	636
56	395	339	621	453	168
565	586	1 151	636	168	468

The notes on pages 34 to 37 and 41 to 51 form part of these accounts.

The figure between brackets refers to notes on page 50.

Notes to the consolidated accounts

Fl. million			1978			1979			Fl. million		
Limited	N.V.	Combined				Combined	N.V.	Limited			
14 833	22 091	36 924	(1) Costs			40 682	24 721	15 961			
10 252	11 797	22 049	Raw materials, packaging and goods for resale			24 211	13 420	10 791			
85	97	182	Hire of plant and machinery			193	98	95			
5	9	14	Auditors' remuneration			16	9	7			
11	39	50	Exceptional items (e.g. disposals and reorganisations)			4	20	16			
1 933	4 581	6 514	Other costs			7 250	5 153	2 097			
2 310	5 014	7 324	Remuneration of employees including social security contributions			8 136	5 427	2 709			
3	8	11	Emoluments of Directors as managers including contributions to pension funds for superannuation			12	8	4			
2	1	3	Superannuation of former Directors			3	1	2			
232	545	777	Depreciation			857	585	272			
232	545	777	Depreciation as above based on historic cost of assets			857	585	272			
430	737	1 167	Depreciation based on replacement value of assets			1 314	810	504			
198	192	390	Difference being current basis of addition to fixed asset replacement reserve			457	225	232			
11	3	14	(2) Income from trade investments			10	2	8			
2	1	3	From listed shares			3	1	2			
6	2	8	From unlisted shares			5	1	4			
—	—	—	Interest on loans			1	—	1			
3	—	3	Other profits/losses including disposals			1	—	1			
27	159	186	(3) Interest			202	196	6			
53	150	203	Interest on loan capital			264	197	67			
59	118	177	Interest on short-term borrowings			175	116	59			
85	109	194	Interest received including change in market value of marketable securities			237	117	120			
8	75	83	Interest on loan capital includes: Interest on loans, the final repayment of which will be made within 5 years			114	104	10			
702	527	1 229	(4) Taxation on profit of the year			1 156	604	552			
594	511	1 105	Parent companies and their subsidiaries			1 070	585	485			
108	16	124	Associated companies			86	19	67			
594			The benefit of tax relief, obtained from the increase in stock values in the United Kingdom, amounting to Fl. 84 million has been taken into account in calculating the taxation on the profit of 1979 for Limited .								
498			The taxation charge for Limited Parent and subsidiaries is made up of:								
128			United Kingdom corporation tax (at 52%)						485		
224			less: double tax relief						406		
			plus: non-United Kingdom taxes						138		
									217		
			The close company provisions of the United Kingdom Income and Corporation Taxes Act, 1970 do not apply to Limited .								

Notes to the consolidated accounts

1978			1979		
Fl. million					Fl. million
Limited	N.V.	Combined	Combined	N.V.	Limited

—	—	—	486	—	486
(8) Extraordinary item					
Release of deferred taxation provision relating to United Kingdom stock relief. As a result of United Kingdom legislation promulgated in July, 1979, Fl. 160 million becomes a permanent relief and the remainder is likely to become permanent in 1981 and subsequent years.					

49	163	212	100	45	55
23	94	117	105	48	57
26	69	95	5	3	2
(9) Effect of exchange rate changes					
Fixed assets					
Other					

1978		1979	
Authorised	Issued and fully paid	Issued and fully paid	Authorised
		287	
(10) Preferential share capital (Fl. million)			
Unilever N.V.		Unilever N.V.	
Fl. million	Fl. million	Fl. million	Fl. million
75	29	29	75
200	161	161	200
75	75	75	75
350	265	265	350
75	29	29	75
200	161	161	200
75	75	75	75
350	265	265	350

1978		1979	
£million	£million	£million	£million
Unilever Limited		Unilever Limited	
0.2	0.2	0.2	0.2
3.5	3.5	3.5	3.5
1.2	1.2	1.2	1.2
0.2	0.2	0.2	0.2
5.1	5.1	5.1	5.1
	21	22	
Guilder equivalent (million)			

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

The rates shown for the preferential capital of Limited are before the reduction of three tenths which followed the introduction of the imputation system of taxation in the United Kingdom in April, 1973.

Notes to the consolidated accounts

1978

1979

Authorised	Issued and fully paid		Issued and fully paid	Authorised
	1 189	(11) Ordinary share capital (Fl. million)	1 189	
Fl. million 1 002	Fl. million 642 2 <hr/> 640	Unilever N.V. Ordinary Internal holdings eliminated in consolidation	Fl. million 642 2 <hr/> 640	Fl. million 1 002
£million 136.2 0.1	£million 45.8 0.1 0.1 <hr/> 45.8 549	Unilever Limited Ordinary (in 25p shares) Deferred Internal holdings eliminated in consolidation	£million 45.8 0.1 0.1 <hr/> 45.8 549	£million 136.2 0.1
		Guilder equivalent (million)		

Internal holdings

Ordinary shares numbered 1 to 2 400 (inclusive) in N.V. and the deferred stock of Limited are held as to one half of each class by N.V. Elma—a subsidiary of N.V.—and one half by United Holdings Limited—a subsidiary of Limited. This capital is eliminated in consolidation. It carries the right to nominate persons for election as directors at general meetings of shareholders.

The Directors of N.V. Elma are N.V. and Limited, who with Mr. H. F. van den Hoven and Sir David Orr are also Directors of United Holdings Limited. The above-mentioned subsidiaries have waived their rights to dividends on their ordinary shares. A nominal dividend of 1/4% was paid on the deferred stock of Limited.

Fl. million		
Limited	N.V.	Combined
3 456	3 369	6 825
1 484	2 125	3 609
1 718	1 205	2 923
254	39	293
<hr/> 758	<hr/> 1 117	<hr/> 1 875
331	52	279
35	52	87
<hr/> 366	<hr/> —	<hr/> 366

(12) Profit retained

Parent companies*)
Subsidiaries
Associated companies

*) Includes fixed asset replacement reserve on behalf of subsidiaries

(13) Other reserves

Premiums on capital issued**)
Adjustment on conversion of Limited's ordinary capital at £1 = Fl. 12

**) For the application of Article 44 of the Income Tax Act, 1964, only a small part, if any, of the premium shown in the balance sheet is available for issue of tax-free bonus shares.

Fl. million		
Combined	N.V.	Limited
8 126	3 471	4 655
4 192	2 377	1 815
3 566	1 047	2 519
368	47	321
<hr/> 2 375	<hr/> 1 342	<hr/> 1 033
266	52	318
90	52	38
<hr/> 356	<hr/> —	<hr/> 356

Notes to the consolidated accounts

1978

1979

2 845 (14) Loan capital (Fl. million)

Fl. million	Unilever N.V.
195	6% Bonds 1972/91
100	10½% Euroguilder Notes 1979
54	9¾% Euro DM Notes 1981 (DM 50 million)
125	8¾% Bonds 1981/85
73	6¾% Bonds 1981/86 (Swiss Frs. 60 million)
108	8½% Bonds 1981/87 (DM 100 million)
611	{ 12¾%–13¾% Bridging Loans 1981 (\$75 million) }
—	{ 5¾% Bridging Loan 1981 (Swiss Frs. 123.5 million) }
—	9¼% Bonds 1987 (\$100 million)
—	4½% Bonds 1984/91 (Swiss Frs. 100 million)
1 266	
65	Subsidiaries
100	Netherlands: 4½% Loans 1968/87
62	9¾% Loans 1980/89
131	Germany: 4%–7¼% Mortgage loans on ships 1980/89
16	6%–11% Bank Loans 1979/90
59	U.S.A.: 4¾% Notes 1973/82
49	7¾% Notes 1982/97
54	9½% Notes 1982/91
382	8½%–9¾% loans 1980/93
2 184	A series of other loans

2 754

Fl. million
180
—
55
125
71
110
288
190
118
1 137
58
100
52
66
11
57
48
53
461
2 043

£million

£million	Unilever Limited
8.1	4% Debenture stock 1960/80 { <i>Ranking pari passu</i>
11.0	6¾% Debenture stock 1985/88 { <i>Ranking pari passu</i>
2.2	5½% Unsecured loan stock 1991/2006 { <i>Ranking pari passu</i>
54.7	7¾% Unsecured loan stock 1991/2006 { <i>Ranking pari passu</i>
50.6	Bank Loans 1982/87
126.6	
3.2	Subsidiaries
2.2	United Kingdom: 7½% Mortgage loan on ship 1980/86
8.3	Canada: 6% Debenture Series A 1985
3.4	8¾% Debenture Series B 1993
—	Australia: 7¾% Debentures 1982/87
22.0	10½% Debentures 1985/89
165.7	A series of other loans
661	

£million

£million
8.0
11.0
2.2
54.7
50.1
126.0
5.1
1.9
7.4
3.0
5.0
20.0
168.4
711

The issues of debenture stock of **Limited** are secured by a floating charge on the assets of the Company.

Unless otherwise indicated, the loans are fixed in the currency of the country in which they were raised.

Fl. million

Limited	N.V.	Combined
16	282	298
60	714	774
75	432	507
256	601	857
23	143	166
231	12	243
523	1 146	1 669

The repayments fall due as follows:

Within 1 year
After 1 year but within 2 years
After 2 years but within 5 years
After 5 years but within 10 years
After 10 years but within 20 years
After 20 years

Loans on which the final repayment will be made after 5 years amount to

Fl. million

Combined	N.V.	Limited
236	177	59
503	488	15
636	515	121
917	671	246
206	180	26
256	12	244
1 924	1 346	578

Notes to the consolidated accounts

Fl. million						Fl. million		
1978						1979		
Limited	N.V.	Combined				Combined	N.V.	Limited
1 251	1 445	2 696	(15) Deferred liabilities			2 629	1 685	944
230	768	998	Unfunded retirement benefits			1 134	859	275
210	42	252	Taxation not due before 1st January, 1981			95	32	63
131	—	131	Advance Corporation Tax—United Kingdom			43	—	43
942	635	1 577	Deferred taxation			1 350	716	634
			Other liabilities not due before 1st January, 1981			93	78	15
			Advance Corporation Tax is available for offset against future United Kingdom corporation tax liabilities.					
942	635	1 577	Deferred taxation consists of:			1 350	716	634
631	418	1 049	Accelerated depreciation			1 256	437	819
460	195	655	Stock reliefs*)			236	236	—
130	38	168	Unfunded retirement benefits			154	—	154
19	60	41	Short-term and other timing differences			12	43	31
			*) At the end of 1979 taxation amounting to Fl. 401 million on United Kingdom stock relief has not been provided as it is expected to become a permanent relief in 1981 and subsequent years.					
957	480	1 437	On an SSAP 15 basis deferred taxation would be reduced by:			1 207	558	649
599	331	930	Accelerated depreciation			1 114	342	772
460	125	585	Stock reliefs			132	132	—
102	13	115	Unfunded retirement benefits			91	32	123
—	37	37	Short-term and other timing differences			52	52	—

Notes to the consolidated accounts

Fl. million			1978			1979			Fl. million		
Limited	N.V.	Combined				Combined	N.V.	Limited			
2 324	4 306	6 630	(16) Land, buildings and plant			7 209	4 513	2 696			
88	236	324	Land			341	240	101			
796	1 461	2 257	Buildings			2 364	1 515	849			
884	1 697	2 581	Total land and buildings*)			2 705	1 755	950			
1 188	2 403	3 591	Plant and equipment			3 976	2 548	1 428			
183	143	326	Motor vehicles			386	163	223			
69	63	132	Ships			142	47	95			
677	1 624	2 301	*) Land and buildings			2 424	1 678	746			
157	9	166	— freehold			162	8	154			
50	64	114	— leasehold — long-term (50 years or over)			119	69	50			
50	64	114	— leasehold — short-term								
3 975	8 604	12 579	Cost			13 661	9 136	4 525			
93	253	346	Land			365	259	106			
1 134	2 217	3 351	Buildings			3 516	2 304	1 212			
2 320	5 486	7 806	Plant and equipment			8 608	5 906	2 702			
322	384	706	Motor vehicles			797	411	386			
106	264	370	Ships			375	256	119			
1 651	4 298	5 949	Depreciation			6 452	4 623	1 829			
5	17	22	Land			24	19	5			
338	756	1 094	Buildings			1 152	789	363			
1 132	3 083	4 215	Plant and equipment			4 632	3 358	1 274			
139	241	380	Motor vehicles			411	248	163			
37	201	238	Ships			233	209	24			
617	727	1 344	At 31st December, capital expenditure authorised by the Boards and not spent was			1 603	901	702			
247	215	462	Of these amounts commitments had been entered into for			516	274	242			
3 913	6 595	10 508	The estimated net current replacement value of fixed assets is			11 623	7 139	4 484			

Net current replacement value is, in general, calculated by applying specific price indices, in the country of location, to the original purchase price of assets and deducting cumulative depreciation based on their estimated useful lives.

Interests in land

N.V. and Limited have interests in land throughout the countries where there are Unilever operations. Such interests are developed either as purpose-designed factories, warehouses and trading establishments with ancillary offices and laboratories or as plantations; they are fully used in the business. In these circumstances it is considered that an assessment of the market value of all interests in land throughout the world would not produce information of significance to members or debenture or unsecured loan stockholders.

Notes to the consolidated accounts

1978			1979		
Fl. million					Fl. million
Limited	N.V.	Combined	Combined	N.V.	Limited

Land, buildings and plant (continued)

Movements during the year

			Cost—31st December					
3 975	8 604	12 579	13 661	9 136	4 525			
4 063	7 983	12 046	12 579	8 604	3 975			
345	—	345	229	—	229			
90	233	323	177	72	105			
584	774	1 358	1 574	869	705			
111	85	196	226	76	150			
157	264	421	396	235	161			
11	423	434	63	61	2			
20	6	26	15	15	30			
			Depreciation—31st December					
1 651	4 298	5 949	6 452	4 623	1 829			
1 790	4 146	5 936	5 949	4 298	1 651			
152	—	152	95	—	95			
67	139	206	72	24	48			
157	264	421	396	235	161			
1	1	2	11	11	—			
4	9	13	8	12	20			
232	545	777	857	585	272			
			Expenditure					
584	774	1 358	1 574	869	705			
6	7	13	12	7	5			
106	132	238	249	128	121			
352	544	896	1 053	619	434			
94	84	178	226	108	118			
26	7	33	34	7	27			
			Depreciation charged to profit and loss accounts					
232	545	777	857	585	272			
—	1	1	1	1	—			
30	61	91	86	58	28			
151	395	546	617	436	181			
47	64	111	125	67	58			
4	24	28	28	23	5			

Notes to the consolidated accounts

Fl. million			1978			1979			Fl. million		
Limited	N.V.	Combined				Combined	N.V.	Limited			
713	149	862	(17) Associated companies			811	154	657			
76	9	85	Listed shares—at cost with bonus shares at par			98	9	89			
56	82	138	Unlisted shares—at cost			160	87	73			
327	19	346	Loans			185	11	174			
254	39	293	Concern share of retained profits and reserves			368	47	321			
293	22	315	Market value of listed shares			380	18	362			
75	105	180	Directors' valuation of unlisted shares			210	121	89			
710	142	852	Attributable share of net assets			806	150	656			
80	45	125	Movements during the year:			51	5	56			
54	—	54	Sterling/guilder realignment			41	—	41			
35	5	40	Exchange rate changes			2	3	5			
172	42	214	Additions			34	6	28			
95	25	120	Concern share of profit after taxation			101	21	80			
27	17	44	Dividends and interest			45	18	27			
71	—	71	Disposals and other adjustments			180	7	173			
28	56	84	(18) Trade investments			196	58	138			
11	34	45	Listed shares			45	34	11			
13	18	31	Unlisted shares			143	21	122			
4	4	8	Loans			8	3	5			
35	17	52	Market value of listed shares			44	14	30			
53	27	80	Directors' valuation of unlisted shares			195	29	166			
116	99	215	Attributable share of:			350	106	244			
14	7	21	Net assets			25	6	19			
7	1	6	Net profits after taxation			112	2	110			
3	—	3	Movements during the year:			2	—	2			
1	1	—	Sterling/guilder realignment			2	1	1			
4	5	9	Exchange rate changes			118	6	112			
9	3	12	Additions			6	3	3			
			Disposals and other adjustments								

(19) Other long-term assets

These are amounts not due within one year, less provisions. They include Fl. 173 million (1978: Fl. 200 million) of marketable securities held as security for, and eventual redemption of, the preference shares of National Starch and Chemical Holding Corporation. These shares are included in Outside interests in subsidiaries.

Notes to the consolidated accounts

Fl. million			1978			1979			Fl. million		
Limited	N.V.	Combined				Combined	N.V.	Limited			
2 661	3 713	6 374	(20) Stocks			7 184	4 056	3 128			
1 040	1 899	2 939	Raw materials and stocks in process			3 381	2 102	1 279			
764	1 517	2 281	Finished products			2 599	1 637	962			
857	297	1 154	Merchandise and other stocks			1 204	317	887			
1 912	2 845	4 757	(21) Debtors			5 384	3 130	2 254			
1 496	2 113	3 609	Trade			4 006	2 324	1 682			
416	732	1 148	Other			1 378	806	572			
1 881	3 228	5 109	(22) Creditors			5 666	3 455	2 211			
1 236	1 545	2 781	Debts to suppliers			3 154	1 729	1 425			
36	69	105	Short-term portion of unfunded retirement benefits			117	77	40			
609	1 614	2 223	Other			2 395	1 649	746			
131	287	418	(23) Marketable securities			316	216	100			
120	55	175	Listed — at market value			148	55	93			
11	232	243	Unlisted			168	161	7			
1 104	1 049	2 153	(24) Cash and deposits			1 864	817	1 047			
334	461	795	On call			817	438	379			
770	588	1 358	Repayment notice required			1 047	379	668			
16	1 038	1 054	(25) Purchase/sale of subsidiaries			77	205	128			
			Effect on the consolidated balance sheets:								
38	454	416	Land, buildings and plant			13	47	60			
45	33	78	Associated companies			—	—	—			
6	221	215	Other long-term assets			8	3	5			
21	216	195	Working capital			4	14	10			
32	5	37	Net liquid funds			19	28	9			
17	216	199	Outside interests			20	2	22			
—	70	70	Loan capital			5	5	—			
16	116	100	Deferred liabilities			38	25	13			
24	25	1	Provision for taxation			4	3	1			
5	492	497	Net assets acquired/sold			19	83	64			
—	—	—	Profit retained:								
11	546	557	Profit/loss on sale			65	7	72			
			Goodwill written off (see page 38)			123	115	8			
16	1 038	1 054	Total			77	205	128			

Notes to the consolidated accounts

1978			1979		
Fl. million					Fl. million
Limited	N.V.	Combined	Combined	N.V.	Limited
<p>Contingent liabilities of the Group are not expected to give rise to any material loss. They include:</p>					
286	148	434	433	159	274
32	88	120	139	114	25
<p>In addition the parent companies have given guarantees in respect of subsidiaries' liabilities included in the consolidated accounts.</p>					
<p>Secured liabilities Liabilities included in the consolidated accounts and which are secured on the assets of the Group are:</p>					
130	190	320	371	202	169
76	86	162	135	45	90
—	22	22	—	—	—
<p>Commitments Long-term commitments in respect of leaseholds, rental agreements, hire purchase and other contracts are mainly in respect of buildings and computers. They amount to:</p>					
842	914	1 756	1 790	1 053	737
57	154	211	233	173	60
<p>of which: payable within one year</p>					
<p>Exposure on third party fixed price contracts outstanding at 31st December for commodities, to which the bulk of contracts refer, are:</p>					
328	202	530	562	259	303
120	196	316	468	289	179
<p>The consolidated accounts do not anticipate the results of such contracts except that provision is made where a loss would be incurred if market prices ruling at 31st December remained unchanged.</p>					
<p>Pensions Contributions amounted to:</p>					
255	476	731	829	520	309
163	184	347	432	223	209
92	292	384	397	297	100
52	198	250	284	207	77
2 103	2 956	5 059	5 940	3 362	2 578
<p>In addition provisions were made for unfunded schemes amounting to</p>					
266	837	1 103	1 251	936	315
<p>At 31st December the book value of the assets of the funds amounted to</p>					
<p>Provisions in the consolidated accounts to meet obligations under unfunded schemes amounted to</p>					
<p>These provisions, together with the assets of the pension funds, are sufficient in total to cover all pensions in course of payment at their existing levels and all contractual entitlements to deferred benefits in respect of service to date.</p>					

Unilever N.V. notes and profit and loss account

Fl. 000's

1978

1979

Fl. 000's

<p>1 912 017 213 430 <u>2 125 447</u></p> <p>925 000 192 000 <u>1 117 000</u></p> <p>5 716 1 896 <u>3 820</u></p> <p>1 751</p> <p>2 387</p> <p><u>12 568</u></p> <p>509 797</p> <p>509 797 14 694 <u>495 103</u> 281 673 <u>213 430</u></p> <p>819 941 265 643 143 931 4 745 6 926 <u>1 241 186</u></p>	<p>Profit retained 1st January Profit of the year retained 31st December</p> <p>Fixed asset replacement reserve (on behalf of subsidiaries) 1st January Addition for year 31st December</p> <p>Loan capital includes an amount of Fl. 85 800 repayable within one year.</p> <p>Deferred liabilities Unfunded retirement benefits Deferred taxation</p> <p>Interests in subsidiaries Shares in subsidiaries are stated at cost. Profit retained and profit of the year shown in this balance sheet and the notes thereto are less than the amounts shown under those headings in the consolidated balance sheet and profit and loss account mainly because only part of the profits of the subsidiaries is distributed in the form of dividend.</p> <p>Debtors and prepaid expenses include: Prepaid expenses</p> <p>Creditors include: Debts to suppliers</p> <p>Marketable securities Listed stocks</p> <p>PROFIT AND LOSS ACCOUNT Profit of the year</p> <p>Proposed profit appropriation in accordance with Art. 41 of the Articles of Association Profit of the year Preference dividends Profit at disposal of the annual general meeting of shareholders Ordinary dividends Profit of the year retained</p> <p>Analysis of operating profit Unilever N.V. and subsidiaries Foods Detergents and toilet preparations Chemicals, paper, plastics, packaging, transport and other interests Animal feeds UAC International and plantations</p>	<p>2 125 447 251 610 <u>2 377 057</u></p> <p>1 117 000 225 000 <u>1 342 000</u></p> <p>12 552 <u>12 552</u></p> <p>394</p> <p>—</p> <p><u>4 881</u></p> <p>582 545</p> <p>582 545 14 694 <u>567 851</u> 316 241 <u>251 610</u></p> <p>830 648 324 401 248 792 2 724 2 745 <u>1 403 820</u></p>
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Unilever Limited notes

£million

1978

1979

£million

Reorganisation

On 1st January, 1979 the majority of Unilever Limited's interests in the United Kingdom was transferred to a new subsidiary holding company. This transfer is reflected in the balance sheet and notes of Unilever Limited.

1978		1979	
Profit retained and other reserves			
343.2			371.7
	64.3		
	0.3	99.8	
	35.5	0.3	
		41.0	
28.5			58.5
<u>371.7</u>			<u>430.2</u>
Fixed asset replacement reserve (on behalf of subsidiaries)			
			190.0
140.5			54.9
49.5			
<u>190.0</u>			<u>244.9</u>
Deferred liabilities			
	3.6		3.3
	0.7		2.7
	34.1		21.3
	9.3		3.4
	<u>20.5</u>		<u>11.9</u>

The Advance Corporation Tax borne by the parent company will be surrendered and set off against liabilities of the subsidiary companies, where appropriate. The total of £21.3 includes £11.0 recoverable against 1979 liabilities and £10.3 against those for later years.

Land, buildings and plant

11.5			0.3
5.2			—
15.4			—
<u>32.1</u>			<u>0.3</u>

	Cost	Depreciation	Net book value
Movements during the year:			
1st January, 1979	49.1	17.0	32.1
Expenditure	—	—	—
Proceeds of disposals	—	—	—
Transfer to subsidiary	45.0	14.4	30.6
Other adjustments	2.9	1.3	1.6
Charged to profit and loss account	—	0.4	0.4
31st December, 1979	<u>1.2</u>	<u>0.9</u>	<u>0.3</u>

Unilever Limited notes

£million

1978

1979

£million

	Associated companies at cost, less £0.7 written off:	
2.2	Unlisted shares	1.9
1.3	Loans	1.3
<u>3.5</u>		<u>3.2</u>
2.7	Directors' valuation of unlisted shares	<u>2.7</u>
	Trade investments at net book value at 31st December, 1947 with additions at cost or valuation, less £0.6 written off:	
0.1	Listed shares	0.1
0.7	Unlisted shares	26.5
0.1	Loans	0.1
<u>0.9</u>		<u>26.7</u>
0.1	Market value of listed shares	0.1
<u>2.4</u>	Directors' valuation of unlisted shares	<u>27.7</u>
	The increase in Unlisted shares relates to the acquisition of an interest in International Stores Ltd.	
	Interests in subsidiaries	
	Shares in subsidiaries are stated at Directors' valuation made on the rearrangement of the Unilever Groups in 1937, with bonus shares at par and other additions at cost or valuation, less amounts written off.	
	Profit retained and profit of the year shown in this balance sheet and the notes thereto are less than the amounts shown under these headings in the consolidated balance sheet and profit and loss account, mainly because only part of the profits of the subsidiaries is distributed in the form of dividend.	
	Dividends due or proposed	
13.8	Payable in 1980	24.0
53.0	Deferred dividends	—
<u>66.8</u>		<u>24.0</u>
	Marketable securities	
18.3	Listed — at market value	<u>9.9</u>
<u>0.07</u>	Profit of the year is after charging Auditors' remuneration	<u>0.07</u>

Unilever Limited notes

Emoluments of Directors and senior employees

The table below shows the numbers of Directors of the Company (excluding the Chairman), whose emoluments fell within the ranges shown:

	1978	1979
£ 5 001-£10 000	1	1
£10 001-£15 000	4	3
£15 001-£20 000	3	3
£20 001-£25 000	-	-
£25 001-£30 000	4	1
£30 001-£35 000	1	1
£35 001-£40 000	8	5
£40 001-£45 000	2	4
£45 001-£50 000	-	1
£50 001-£55 000	1	4

During the year there were 2 Directors who served for only part of the year (1978: 5).

The Chairman of Limited, Sir David Orr, received remuneration of £70 490 (1978: £60 000).

All contracts of service of Directors of the Company with the Company or any of its subsidiaries are determinable by the employing company without payment of compensation at less than one year's notice.

The numbers of employees of the Company and its subsidiaries employed wholly or mainly in the United Kingdom and receiving emoluments in excess of £20 000 were:

	1978	1979
£20 001-£25 000	122	173
£25 001-£30 000	58	80
£30 001-£35 000	22	58
£35 001-£40 000	19	21
£40 001-£45 000	7	20
£45 001-£50 000	1	2
£50 001-£55 000	1	1
£55 001-£60 000	1	-
£60 001-£65 000	-	-
£65 001-£70 000	-	2

For many years employees in some countries have received a special award equivalent in value to one month's salary free of tax on completing 25 years' service. Such awards were introduced for employees other than Directors in the United Kingdom during 1974. In 1979 these awards were extended to Directors, including those presently in office who completed 25 years' service before 1979. The amounts of these awards are included in the emoluments of Directors shown in the table on this page.

Analysis of sales and operating profit Unilever Limited and subsidiaries

	1979 £000's
Sales to third parties	
Foods	1 663 604
Detergents and toilet preparations	687 842
Chemicals, paper, plastics, packaging, transport and other interests	438 959
Animal feeds	423 474
UAC International and plantations	844 504
	4 058 383
Operating profit	
Foods	99 498
Detergents and toilet preparations	66 420
Chemicals, paper, plastics, packaging, transport and other interests	34 244
Animal feeds	15 440
UAC International and plantations	60 422
	276 024

Principal subsidiaries

Key		Chemicals	C
Holding companies	H	Paper, plastics, packaging	PP
Margarine, fats, oils etc.	M	Animal feeds	A
Other foods	F	UAC International	U
Detergents	D	Plantations	PL
Toilet preparations	P	Transport	T
(Personal products from 1980)		Others	O

N.V.'s principal subsidiaries are held through subsidiaries with the exception of Nederlandse Unilever Bedrijven, Lipoma, Marga, Mavibel, Noorda, Saponia, Unilever Grondstoffen Mij. and Wemado, in the Netherlands and Unilever United States, Inc. in the United States; **Limited's** principal subsidiaries are held through subsidiaries with the exception of Lipton, Unilever U.K. Holdings, Unilever (Commonwealth Holdings) and UAC International in the United Kingdom, Lever Brothers in Canada and the interests in Bangladesh, India, Malawi, Pakistan, Trinidad and Sedec in Zaïre.

Where holdings are less than 100% of the equity capital percentages are stated after rounding off. Where applicable the percentage of preference capital held is also stated.

The subsidiaries' registered offices are in the places mentioned.

The list of consolidated companies takes account of Article 320(3) of the Dutch Civil Code, Book 2.

The percentage of equity held is 100% except where otherwise stated.

The percentage of equity held is 100% except where otherwise stated.

France — N.V.

99 Astra-Calvé, Courbevoie	MF
99 Compagnie Française de Nutrition Animale, Tours	A
99 Elida Gibbs, Paris	P
99 4P Emballages France, Allonne	PP
79 Etablissements Fayard et Ravel, Sainte-Sigolène	PP
99 Etablissements Rousset, Vénissieux	F
99 Française d'Alimentation et de Boissons, La Garenne-Colombes	F
99 La Roche aux Fées, Vallet	F
99 Lever, Paris	D
79 Motta-France, Nanterre	F
99 Sheby, Bezons	C
99 Unilever Export France, Courbevoie	O
— Limited	
81 CNF, Paris	U
84 Fragep, Paris	U

Ireland — Limited

Lever Brothers (Ireland) Ltd., Dublin	D
W. & C. McDonnell Ltd., Dublin	MF
Paul and Vincent Ltd., Dublin	A
H B Ice Cream Ltd., Dublin	F

Italy — N.V.

75 Algel S.p.A., Cisterna	F
75 Also S.p.A., Naples	F
75 Gelsi S.p.A., Turin	F
75 Sages S.p.A., Milan	F
Unil-It S.p.A., Milan	MFDP

The Netherlands — N.V.

Deutsche Unilever G.m.b.H., Hamburg	H	Algemeen Vrachtkantoor B.V., Rotterdam	T
'Elbe' Transport-Union G.m.b.H., Hamburg	T	Bensdorp B.V., Bussum	F
Elida-Gibbs G.m.b.H., Hamburg	P	Van den Bergh en Jurgens B.V., Rotterdam	MF
4P Folie Forchheim G.m.b.H., Forchheim	PP	Koninklijke Maatschappij De Betuwe B.V., Tiel	F
Hartog Lebensmittelwerk G.m.b.H., Hamburg	F	Calvé-De Betuwe B.V., Delft	F
75 Langnese-Iglo G.m.b.H., Hamburg	F	Croklaan B.V., Wormerveer	M
Lever Sunlicht G.m.b.H., Hamburg	D	4P Drukkerij Reclame B.V., Rotterdam	PP
Meistermarken-Werke G.m.b.H., Spezialfabrik für Back- und Grossküchenbedarf, Bremen	M	50 N.V. Koninklijke Stearine Kaarsenfabrieken 'Gouda-Apollo', Gouda	C
4P Nicolaus Kempton G.m.b.H., Kempton	PP	Iglo-Ola B.V., Utrecht	F
4P Nicolaus Ronsberg G.m.b.H., Ronsberg	PP	Lever Industrial B.V., Maarssen	D
68 'Nordsee' Deutsche Hochseefischerei G.m.b.H., Bremerhaven (Preference capital held 68%)	F	Lever Sunlight B.V., Rotterdam	D
4P Rube Göttingen G.m.b.H., Göttingen	PP	Lipoma B.V., Rotterdam	H
Scado G.m.b.H., Emslage	C	Lucas Aardenburg B.V., Hoogeveen	F
Schafft Fleischwerke G.m.b.H., Ansbach	F	Marga B.V., Rotterdam	H
'Unichema' Chemie G.m.b.H., Emmerich	C	Mavibel (Maatschappij voor Internationale Beleggingen) B.V., Rotterdam	H
Union Deutsche Lebensmittelwerke G.m.b.H., Hamburg	MF		

Key		Chemicals	C
Holding companies	H	Paper, plastics, packaging	PP
Margarine, fats, oils etc.	M	Animal feeds	A
Other foods	F	UAC International	U
Detergents	D	Plantations	Pl.
Toilet preparations	P	Transport	T
(Personal products from 1980)		Others	O

The percentage of equity held is 100% except where otherwise stated.

The percentage of equity held is 100% except where otherwise stated.

Mengvoeder UT-Delfia B.V., Maarsssen	A	UAC International Ltd., London	U
Nederlandse Unilever Bedrijven B.V., Rotterdam		UAC UK Holdings Ltd., London	U
(Preference capital held 99%)	H	Unichema Chemicals Ltd., Bromborough	C
Handelmaatschappij Noorda B.V., Rotterdam	H	Unilever Export Ltd., London	O
Norfolk Line B.V., 's-Gravenhage	T	Unilever (Commonwealth Holdings) Ltd., London	H
75 Safial B.V., Rotterdam	H	Unilever U.K. Holdings Ltd., London	H
Saponia B.V., Rotterdam	H	Unilever U.K. Central Resources Ltd., London	O
Scado B.V., Zwolle	C	UML Ltd., Port Sunlight	O
Exportslachterij Udemá B.V., Gieten	F	United Agricultural Merchants Ltd., Basingstoke	A
50 Unilever-Emery N.V., Gouda		Van den Berghs and Jurgens Ltd., Burgess Hill	M
(Preference capital held 50%)	C	Vinyl Products Ltd., Carshalton	C
Unilever Export B.V., Rotterdam	O	T. Wall & Sons Ltd., London	F
Unilever Financieringsmaatschappij B.V., Rotterdam	O	John West Foods Ltd., Liverpool	F
Unilever Grondstoffen Maatschappij B.V., Rotterdam	O		
Unimills B.V., Zwijndrecht	M		
UVG Nederland B.V., Oss	F		
Wemado B.V., Rotterdam	H		
Zeeppabriek de Fenix B.V., Zwolle	D		
		Other European countries	
		Finland—N.V.	
United Kingdom—Limited		Oy Leverindus AB, Turku	D
Austin Packaging Group Ltd., Bromborough	PP	S.W. Paasivaara-Yhtymä Oy, Helsinki	M
Batchelors Foods Ltd., Sheffield	F	Turun Saippua Oy, Turku	DP
Birds Eye Foods Ltd., Walton-on-Thames	F		
BOCM Silcock Ltd., Basingstoke	A	Greece—N.V.	
BOCM Silcock (N.I.) Ltd., Belfast	A	87 Industrie Hellénique de Détergents S.A. (E.V.A.), Athens	D
C.W.A. Holdings Ltd., London	U		
Joseph Crosfield & Sons Ltd., Warrington	C	Austria—N.V.	
Elida Gibbs Ltd., London	P	Bensdorp Ges.m.b.H., Vienna	F
Food Industries Ltd., Bromborough	C	Nordsee Ges.m.b.H., Vienna	F
Ford & Slater Group Ltd., Leicester	U	Österreichische Unilever Ges.m.b.H., Vienna	MFDPP
Kennedy's (Builders' Merchants) Ltd., Bournemouth	U	75 Unifrost Nahrungsmittel Ges.m.b.H., Vienna	F
Lawson of Dyce Ltd., Aberdeen	F		
Lever Brothers Ltd., Kingston-upon-Thames	D	Portugal—N.V.	
Leverton Group Ltd., Windsor	U	74 Iglo Indústrias de Gelados, Lda., Lisbon	F
Lipton Ltd., London	F	60 Indústrias Lever Portuguesa, Lda., Lisbon	DP
Loders & Nucoline Ltd., London	M		
MacFisheries Ltd., Camberley	F	Spain—N.V.	
Robert B. Massey & Co. Ltd., York	U	Agra S.A., Lamiacó	M
Mattessons Meats Ltd., London	F	99 Frigo S.A., Barcelona	F
Midland Poultry Holdings Ltd., Craven Arms	A	Lever Ibérica S.A., Madrid	D
Nairn International Ltd., London	PP		
Palm Line Ltd., London	U	Sweden—N.V.	
Proprietary Perfumes (International) Ltd., Ashford	C	Gibbs AB, Stockholm	P
S.P.D. Ltd., Watford	T	Leverindus AB, Nyköping	D
Synthetic Resins Ltd., Liverpool	C	Novia Livsmedelsindustrier AB, Kristianstad	F
Thames Board Mills Ltd., Purfleet	PP	Pierre Robert AB, Malmö	P
Thames Case Ltd., Purfleet	PP	Scado AB, Landskrona	C
UAC Ltd., London	U	AB Sunlight, Nyköping	DP
U.A.C. Holdings Ltd., London	U	Svenska Unilever Förvaltnings AB, Stockholm	H

Key		Chemicals	C
Holding companies	H	Paper, plastics, packaging	PP
Margarine, fats, oils etc.	M	Animal feeds	A
Other foods	F	UAC International	U
Detergents	D	Plantations	PL
Toilet preparations	P	Transport	T
(Personal products from 1980)		Others	O

The percentage of equity held is 100% except where otherwise stated.

The percentage of equity held is 100% except where otherwise stated.

Switzerland—N.V.			Trinidad—Limited	
95 'Astra' Fett- und Oelwerke A.G., Steffisburg	M		50 Lever Brothers West Indies Ltd., Port of Spain	MFDP
Elida Cosmetic A.G., Zürich	P			
Meina Holding A.G., Zürich	H		Venezuela—N.V.	
Sais, Zürich	M		Lever S.A., Caracas	FDP
Sunlight A.G., Olten	DP			
A. Sutter A.G., Münchwilen	D			
Unilever (Schweiz) A.G., Zürich	O			
			Africa	
			Gabon—Limited	
North America			99 Hatton et Cookson S.A., Libreville	U
			Ghana—Limited	
Canada—N.V.			60 UAC of Ghana Ltd., Accra	U
Thomas J. Lipton Ltd., Toronto	F			
— Limited			Ivory Coast—Limited	
Hygrade Foods, Inc., Toronto	F		99 CFCI S.A., Abidjan	U
Lever Brothers Ltd., Toronto	MDP		68 Uniwax S.A., Abidjan	U
Monarch Fine Foods Company Ltd., Toronto	F			
A & W Food Services of Canada Ltd., Toronto	F		United Republic of Cameroun—Limited	
			Plantations Pamol du Cameroun Ltd., Lobe	PL
United States of America—N.V.			Kenya—Limited	
Lawry's Foods, Inc., Los Angeles, California	F		54 East Africa Industries Ltd., Nairobi	MFDP
Lever Brothers Company, Portland, Maine	MFDP		Gailey & Roberts Ltd., Nairobi	U
Thomas J. Lipton, Inc., Dover, Delaware	F		People's Republic of the Congo (Brazzaville)—Limited	
National Starch and Chemical Corporation, Bridgewater, New Jersey	C		92 Société Commerciale du Kouilou Niari-Congo S.A., Brazzaville	U
Unilever United States, Inc., Wilmington, Delaware	H			
			Malawi—Limited	
Central and South America			80 Lever Brothers (Malawi) Ltd., Limbe	MDPC
			Niger—Limited	
Argentina—N.V.			96 Niger-Afrique S.A., Niamey	U
99 Lever y Asociados SACIF, Buenos Aires	MFDP		Nigeria—Limited	
			60 Pamol (Nigeria) Ltd., Lagos	PL
Brazil—N.V.			Uganda—Limited	
99 Indústria Gessy Lever Ltda., São Paulo	MFDP		Gailey & Roberts (Uganda) Ltd., Kampala	U
			Sierra Leone—Limited	
Colombia—N.V.			87 UAC of Sierra Leone Ltd., Freetown	U
Compañía Colombiana de Grasas 'Cogra-Lever' S.A., Bogotá	MDP		Tanzania—Limited	
			UAC of Tanzania Ltd., Dar es Salaam	U
Mexico—N.V.				
Zwanenberg de Mexico S.A., Mexico	F			
Netherlands Antilles—N.V.				
Mavibel International N.V., Willemstad	O			
Unilever Becumij N.V., Willemstad	O			

Key		Chemicals	C
Holding companies	H	Paper, plastics, packaging	PP
Margarine, fats, oils etc.	M	Animal feeds	A
Other foods	F	UAC International	U
Detergents	D	Plantations	PL
Toilet preparations	P	Transport	T
(Personal products from 1980)		Others	O

The percentage of equity held is 100% except where otherwise stated.

The percentage of equity held is 100% except where otherwise stated.

Republic of Tchad—Limited			
79	Brasseries du Logone S.A., Moundou		U
Republic of Zaïre—N.V.			
58	Plantations Lever au Zaïre s.a.r.l., Kinshasa		PL
	Compagnie des Margarines, Savons et Cosmétiques au Zaïre s.a.r.l., Kinshasa		MDPC
—Limited			
99	Sedec s.a.r.l., Kinshasa		U
Zambia—Limited			
	K. B. Davies & Co. (Zambia) Ltd., Chingola		U
Zimbabwe—Limited			
	Lever Brothers (Private) Ltd., Harare		MFDP
South Africa—Limited			
	Elida-Gibbs (Pty.) Ltd., Durban		P
	Lever Brothers (Pty.) Ltd., Durban		D
	Lipton (SA) (Pty.) Ltd., Durban		F
	Unilever South Africa (Pty.) Ltd., Durban		H
	Van den Bergh and Jurgens (Pty.) Ltd., Durban		M
Asia, Australia, New Zealand			
Australia—Limited			
	Rosella Foods Pty. Ltd., Richmond		F
	Streets Ice Cream Pty. Ltd., Sydney		F
	Unilever Australia Pty. Ltd., Sydney		MDPCPP
Bangladesh—Limited			
61	Lever Brothers Bangladesh Ltd., Chittagong		FDPC
Philippines—N.V.			
	Philippine Refining Company Inc., Manila		MFDP
India—Limited			
51	Hindustan Lever Ltd., Bombay		MDPCA
Indonesia—N.V.			
	P.T. Van den Bergh's Fabrieken Indonesia, Jakarta		MF
	P.T. Maatschappij ter Exploitatie der Colibri-fabrieken, Jakarta		DPC
	P.T. Lever's Zeeffabrieken Indonesia, Jakarta		D
Japan—N.V.			
79	Nippon Lever Industries Ltd., Tokyo		MFD
Malaysia—Limited			
	Lever Brothers (Malaysia) Sdn. Bhd., Kuala Lumpur		MFDP
	Pamol (Sabah) Ltd., London		PL
	Unipamol Malaysia Sdn. Bhd., Kuala Lumpur		PL
New Zealand—Limited			
	Lever Brothers (New Zealand) Ltd., Petone		H
	Unilever New Zealand Ltd., Petone		FDPC
Pakistan—Limited			
70	Lever Brothers Pakistan Ltd., Karachi		MDPCA
Republic of Singapore—Limited			
	Lever Brothers (Singapore) Sdn. Bhd., Singapore		MDP
Solomon Islands—Limited			
	Lever's Plantations Ltd., Yandina		PL
	Lever's Pacific Timbers Ltd., Kolombangara		U
Sri Lanka—Limited			
	Lever Brothers (Ceylon) Ltd., Colombo		MDPC
Thailand—N.V.			
	Lever Brothers (Thailand) Ltd., Bangkok		MFDP
Turkey—N.V.			
80	Unilever-Iş Ticaret ve Sanayi Türk Limited Şirketi, Istanbul		M

Principal investments

Key		Chemicals	C
Holding companies	H	Paper, plastics, packaging	PP
Margarine, fats, oils etc.	M	Animal feeds	A
Other foods	F	UAC International	U
Detergents	D	Plantations	PL
Toilet preparations	P	Transport	T
(Personal products from 1980)		Others	O

Associated companies

% of
equity held

European Community countries

Germany—N.V.

50 Fritz Homann Lebensmittelwerke G.m.b.H., & Co., K.G.,
Dissen MF

Other European countries

Greece—N.V.

49 'Elaïs' Oleaginous Products S.A., Athens M

Portugal—N.V.

40 FIMA—Fábrica Imperial de Margarina Lda., Lisbon M

Central and South America

Chile—N.V.

50 Indus Lever S.A.C.I., Santiago MFDP

El Salvador—N.V.

50 Industrias Unisola S.A., San Salvador MFDP

Africa

Ghana—Limited

45 Lever Brothers Ghana Ltd., Accra MDPC

Nigeria—Limited

14 Guinness (Nigeria) Ltd., Lagos U

40 Lever Brothers Nigeria Ltd., Apapa MFDP

14 Nigerian Breweries Ltd., Lagos U

40 UAC of Nigeria Ltd., Lagos U

Asia, Australia, New Zealand

Indonesia—N.V.

50 P.T. Sangkulirang, Sangkulirang U

Trade investments

% of
equity held

European Community countries

The Netherlands—N.V.

43 Gamma Holding N.V., Helmond O

United Kingdom—Limited

25 International Stores Ltd., London O

The above list of principal investments represents those which in the opinion of the Directors principally affect the amounts of profit and assets shown in these accounts in relation to associated companies and trade investments. The Directors consider that those associated companies and trade investments not listed are not significant in relation to the group as a whole.

Salient figures in guilders and other currencies

1979 above 1978								
Rates of exchange: one unit = Fl.	Dutch Guilders	Sterling Pounds	Belgian Francs	German Marks	French Francs	Austrian Schillings	U.S. Dollars	Swiss Francs
		4.22 3.99	0.0679 0.0683	1.0980 1.0820	0.4730 0.4725	0.1525 0.1477	1.9000 1.9700	1.1800 1.2210
In millions of currency								
Sales to third parties	43 251 39 271	10 249 9 842	636 976 574 995	39 356 36 319	91 421 83 070	283 590 265 844	22 753 19 980	36 691 32 185
Operating profit	2 569 2 347	609 588	37 830 34 366	2 337 2 171	5 429 4 965	16 842 15 889	1 351 1 194	2 179 1 924
Taxation on profit of the year	1 156 1 229	274 308	17 023 17 990	1 052 1 136	2 443 2 599	7 579 8 318	608 625	981 1 007
Profit of the year attributable to ordinary capital	1 328 1 088	315 273	19 556 15 936	1 208 1 007	2 807 2 302	8 707 7 368	699 554	1 127 892
Ordinary dividends	489 423	116 106	7 203 6 196	445 391	1 034 895	3 207 2 865	257 215	415 347
Capital employed	15 251 14 064	3 614 3 525	224 601 205 916	13 877 13 006	32 236 29 749	99 996 95 204	8 023 7 155	12 938 11 526
Ordinary shareholders' equity	9 049 7 735	2 144 1 938	133 271 113 247	8 234 7 153	19 127 16 361	59 334 52 359	4 760 3 935	7 677 6 339
Loan capital	2 754 2 845	653 713	40 555 41 662	2 506 2 632	5 821 6 019	18 055 19 262	1 449 1 448	2 336 2 332
Capital expenditure	1 574 1 358	373 340	23 183 19 875	1 432 1 255	3 327 2 871	10 321 9 189	828 691	1 335 1 113
Depreciation	857 777	203 195	12 621 11 373	780 718	1 811 1 643	5 619 5 258	451 395	727 637
In units of currency								
Shareholders' equity								
Per Fl. 20 of capital	162.41 138.81	3 848.47p 3 479.04p	2 391.82 2 032.41	147.78 128.29	343.28 293.79	1 064.87 939.84	85.44 70.46	137.78 113.69
Per 25p of capital	24.36 20.82	577.27p 521.86p	358.77 304.86	22.17 19.24	51.49 44.07	159.73 140.98	12.82 10.57	20.67 17.05
Earnings ¹⁾								
Per Fl. 20 of capital	23.83 19.53	564.73p 489.57p	350.98 286.00	21.69 18.05	50.37 41.34	156.26 132.25	12.54 9.92	20.22 16.00
Per 25p of capital	3.57 2.93	84.71p 73.44p	52.65 42.90	3.25 2.71	7.56 6.20	23.44 19.84	1.88 1.49	3.03 2.40
Dividends ²⁾								
N.V. — per Fl. 20 of capital	9.88 8.80	234.12p 220.55p	145.51 128.84	9.00 8.13	20.89 18.62	64.79 59.58	5.20 4.47	8.37 7.21
Limited — per 25p of capital	1.01 0.90	24.05p 22.67p	14.95 13.24	0.92 0.84	2.15 1.91	6.65 6.12	0.53 0.46	0.86 0.74

Rates of exchange quoted above have been used to convert figures in this table. The change in rates between 1978 and 1979 results in the percentage growth being different according to the currency in which it is expressed. The value of dividends received by shareholders in currencies other than guilders or sterling will be affected by fluctuations in the rates of exchange after the year-end.

¹⁾ See note (7) on page 42.

²⁾ See notes on pages 32 and 65.

Financial review 1969-1979

Fl. million

	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
Results											
Sales to third parties	21 829	24 917	26 483	26 832	29 197	34 471	36 705	36 493	39 879	39 271	43 251
Costs	20 378	23 530	24 783	24 950	27 047	32 362	34 786	33 891	37 563	36 924	40 682
Operating profit	1 451	1 387	1 700	1 882	2 150	2 109	1 919	2 602	2 316	2 347	2 569
Concern share of associated companies' profit before taxation	—	—	—	—	—	—	—	57	257	256	179
Financial items	37	80	64	46	9	142	138	106	176	172	192
Profit before taxation	1 414	1 307	1 636	1 836	2 159	1 967	1 781	2 553	2 397	2 431	2 556
Taxation	672	633	771	793	1 035	961	883	1 200	1 184	1 259	1 133
Profit after taxation	742	674	865	1 043	1 124	1 006	898	1 353	1 213	1 172	1 423
Outside interests and preference dividends	53	45	46	68	84	91	127	154	88	84	95
Profit attributable to ordinary capital	689	629	819	975	1 040	915	771	1 199	1 125	1 088	1 328
Extraordinary items, less taxation and outside interests	—	—	—	110	—	—	—	—	—	—	486 ⁵⁾
Profit after extraordinary items	689	629	819	865	1 040	915	771	1 199	1 125	1 088	1 814
Dividends on ordinary and deferred capital ²⁾	305 ³⁾	307	348	347	324	345	362	395	413	423	489 ⁶⁾
Profit of the year retained	384	322	471	518	716	570	409	804	712	665	1 325
Assets and liabilities											
Preferential share capital	310	310	308	304	298	295	293	286	287	286	287
Ordinary shareholders' equity	6 515	6 826	6 982	7 107	7 134	7 199	7 513	7 542	8 142	7 735	9 049
Outside interests in subsidiaries	214	250	211	247	244	327	381	425	307	502	532
Loan capital	1 477	1 634	1 660	1 610	1 601	2 120	2 223	2 314	2 303	2 845	2 754
Deferred liabilities	804	888	979	1 070	1 266	1 418	1 759	1 877	2 267	2 696	2 629
Capital employed	9 320	9 908	10 140	10 338	10 543	11 359	12 169	12 444	13 306	14 064	15 251
Land, buildings and plant	5 003	5 439	5 371	5 287	5 238	5 577	5 958	5 644	6 110	6 630	7 209
Associated companies	—	—	—	—	—	—	—	168	737	862	811
Trade investments	214	199	208	175	215	197	256	98	90	84	196
Other long-term assets	174	187	198	205	203	291	184	162	230	455	545
Working capital	4 081	4 410	4 236	4 109	4 574	5 858	5 329	5 813	5 707	6 022	6 902
Provision for taxation	528	610	704	736	801	639	694	806	691	697	739
Dividends	176	178	220	272	257	295	327	332	396	443	309
Net liquid funds	552	461	1 051	1 570	1 371	370	1 463	1 697	1 519	1 151	636
Employment of capital	9 320	9 908	10 140	10 338	10 543	11 359	12 169	12 444	13 306	14 064	15 251
Source and use of funds											
Funds generated from operations	2 027	2 108	2 326	2 600	2 851	2 676	2 618	3 354	2 996	3 139	3 344
Funds from other sources	25	182	50	42	101	605	122	263	9	601	88
Total sources	2 052	2 290	2 376	2 642	2 952	3 281	2 740	3 617	2 987	3 740	3 256
Taxation payments during the year	706	598	589	705	692	906	592	784	608	729	746
Capital expenditure, less disposals	778	906	749	781	887	1 223	1 065	995	1 235	1 211	1 413
Purchase/sale of subsidiaries	132	230	34	213	260	86	25	57	90	1 054	77
Purchase/sale of associated companies/trade investments	20	9	12	22	57	5	59	9	171	64	33
Additional/reduced working capital	465	329	112	96	753	1 557	449	1 069	496	574	881
Dividends paid during the year	322	324	322	303	337	311	327	373	371	372	654
Other sources/uses	36	3	188	1	71	169	18	63	178	75	139
Total uses	2 459	2 381	1 782	2 077	3 057	4 247	1 637	3 350	3 149	4 079	3 877
Net increase/decrease in funds	407	91	594	565	105	966	1 103	267	162	339	621

	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
Shareholders' equity											
per Fl. 20 of capital (Fl.)	116	121	125	127	128	129	135	135	146	139	162
per 25p of capital (pence)	200	209	222	253	295	328	372	486	503	522	577
Earnings¹⁾											
per Fl. 20 of capital (Fl.)	12.28	11.17	14.69	17.48	18.64	16.43	13.84	21.51	20.19	19.53	23.83
per 25p of capital (pence)	21.19	19.29	26.06	34.63	43.02	41.76	38.23	77.20	69.47	73.44	84.71
Earnings plus depreciation											
per Fl. 20 of capital (Fl.)	22.46	23.00	26.64	29.02	30.36	28.31	26.26	33.98	33.63	33.47	39.21
per 25p of capital (pence)	38.77	39.71	47.27	57.50	70.06	71.97	72.53	121.93	115.70	125.85	139.38
Dividends											
N.V. per Fl. 20 of capital (Fl.)	5.43 ³⁾	5.43	6.20	6.71	6.71	7.25	7.65	8.36	8.56	8.80	9.88
Limited per 25p of capital (pence) ²⁾	9.38 ³⁾	9.42	11.20	11.02	10.63	12.55	13.94	19.98	20.39	22.67	24.05
Capital expenditure (Fl. million)	881	993	850	927	974	1 309	1 213	1 097	1 368	1 358	1 574
Depreciation (Fl. million)	572	666	667	644	653	662	692	694	749	777	857
Employees (subsidiaries)											
Remuneration of employees (Fl. million)	3 886	4 508	4 693	4 931	5 243	5 868	6 684	6 632	7 146	7 324	8 136
Number of employees (000's)	326	335	324	337	353	357	322	315	327	316	309
Ratios											
Sales : capital employed	2.3	2.5	2.6	2.6	2.8	3.0	3.0	2.9	3.0	2.8	2.8
Sales per employee (Fl.)	66 960	74 379	81 738	79 620	82 711	96 557	113 991	115 850	121 954	124 275	139 971
Sales : working capital	5.4	5.7	6.3	6.5	6.4	5.9	6.9	6.3	7.0	6.5	6.3
Dividends : earnings	0.44	0.49	0.43	0.36	0.31	0.38	0.47	0.33	0.37	0.39	0.36
Gearing ⁴⁾	0.24	0.25	0.25	0.23	0.22	0.30	0.29	0.29	0.29	0.33	0.30
Current assets : current liabilities	2.0	1.9	2.0	2.0	1.9	1.8	1.9	1.9	1.8	1.8	1.8
Share prices											
N.V. per Fl. 20 ordinary share in Amsterdam											
High	131	121	122	150	162	118	123	131	137	130	132
Low	98	79	87	118	100	69	80	100	118	111	112
Limited per 25p ordinary share in London											
High	350	313	345	405	397	339	434	500	596	602	680
Low	228	188	209	325	278	149	167	346	410	476	450

The 1971 figures reflect the realignment of major currencies and those for 1972 to 1979 the floating of sterling and other currencies. Figures for 1976 to 1979 include the effect of the change in accounting policy relating to associated companies. The figures for earlier years have not been adjusted as the effect was not material.

¹⁾ See note (7) on page 42.

²⁾ The cost of dividends in 1969-1971 is the gross amount. In 1972 the first interim dividend of **Limited** is included gross. All subsequent dividends are included at the amounts paid or to be paid to the shareholders in line with the change to the imputation system of taxation from 1st April, 1973. The **Limited** dividends shown are the amounts declared. From 1972 to 1978 the amounts paid were lower because of statutory dividend controls. The balance was paid in August, 1979 on cessation of such controls.

³⁾ Excludes special ordinary dividends of Fl. 0.73 and 1.25 pence paid with the final 1969 dividends, amounting to Fl. 41 million.

⁴⁾ Gearing is loan capital plus short-term borrowings divided by the sum of loan capital, short-term borrowings, preferential share capital, ordinary shareholders' equity and outside interests in subsidiaries.

⁵⁾ Deferred taxation released in 1979 in respect of United Kingdom stock relief is attributable to:

1973 } Fl. 160 million	1976 Fl. 115 million
1974 } Fl. 160 million	1977 Fl. 115 million
1975 } Fl. 35 million	1978 Fl. 61 million

⁶⁾ Includes additional dividends declared in respect of earlier years due to change in rate of Advance Corporation Tax, amounting to Fl. 13 million.

Current cost statement

Unilever N.V. and Unilever Limited and their subsidiaries
for the year ended 31st December

Fl. million

1978 1979

Sales to third parties	39 271	43 251
Operating profit (historical)	2 347	2 569
Adjustments required to obtain current cost operating profit:		
Depreciation (1)	390	457
Cost of sales (2)	213	470
Monetary working capital (3)	17	21
Other (4)	29	109
Current cost operating profit	1 732	1 512
Concern share of associated companies' current cost profit before taxation (5)	210	137
Income from trade investments	14	10
Gearing adjustment (6)	101	181
Interest	186	202
Current cost profit before taxation	1 871	1 638
Taxation (7)	1 116	930
Current cost profit after taxation	755	708
Outside interests and preference dividends (8)	69	64
Current cost profit attributable to ordinary capital	686	644
Combined current cost earnings per share		
per Fl. 20 of capital	Fl. 12.31	Fl. 11.56
per 25p of capital	46.57p	40.92p
Dividends on ordinary and deferred capital	423	489
Current cost profit of the year retained (9)	263	155

The above statement is unaudited.
Figures in brackets refer to notes on page 67.

Notes to the current cost statement

Comment

This is the fourth year in which we have provided supplementary information measuring the results of the business on a current cost basis.

In the past year recommendations for the publication of supplementary current cost figures have been published in the Netherlands. In the United Kingdom the Accounting Standards Committee has set out proposals in the exposure draft 'Current Cost Accounting' (ED 24).

The ED 24 proposals relating to the current cost profit and loss account are a logical development of the Hyde Guidelines which we followed in 1977 and 1978. This year's statement, which includes restated 1978 figures, conforms to the ED 24 proposals.

As a further development of our current cost reporting we intend in future to produce a current cost balance sheet and to give separate figures for N.V. and Limited. This information has not been produced this year as we are awaiting the publication of the United Kingdom Accounting Standard before trying to develop an approach which will meet both Dutch and United Kingdom requirements.

Notes

The bases and methods adopted in adjusting the historical cost figures are indicated in the following notes. In all other respects, including the translation of foreign currencies, the accounting policies applicable to this statement are those set out on pages 35 to 37.

(1) Depreciation adjustment

This is the difference between depreciation on the historical cost of assets and on the current replacement value of assets. In general, current replacement value is determined by applying specific price indices in the country of location to the original cost of the assets.

(2) Cost of sales adjustment

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

(3) Monetary working capital adjustment

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

(4) Other adjustments

These are the amounts necessary to restate profits and losses on the disposal of assets by reference to the current rather than the historical values of the assets concerned: the disposals dealt with in this way are those treated as exceptional items. (See note (1) on page 41.)

(5) Concern share of associated companies' profit

The historical figures have been reduced by Fl. 42 million (1978: Fl. 46 million) to bring the results of significant associates on to a current cost basis consistent with that used for consolidated companies.

(6) Gearing adjustment

This takes credit for the proportion of the depreciation, cost of sales, monetary working capital and other adjustments which can be regarded as financed by third parties. The gearing proportion is the average for the year, calculated on a group basis.

(7) Taxation

The historical tax charge of the year has been reduced by Fl. 203 million (1978: Fl. 143 million) to eliminate deferred taxation not expected to be paid in the future. (See note (4) on page 42.)

(8) Outside interests

The historical figures have been reduced by Fl. 31 million (1978: Fl. 15 million) being the portion of the current cost adjustments attributable to outside interests.

(9) Current cost profit of the year retained

The extraordinary item of Fl. 486 million in the historical accounts, being the release of deferred taxation provisions on United Kingdom stock relief, does not arise in the current cost accounts as such deferred taxation would not have been provided in the current cost taxation charge in previous years.

Capital and membership

During 1979 there was no change in the share capital of **N.V. or Limited**.

Changes in loan capital are shown in the Notes to the consolidated accounts on page 45.

As most of **N.V.**'s share capital and all of its loan capital is held by the public in the form of bearer scrip, it is impossible to ascertain the number of holders. At the year-end **Limited** had 76 453 ordinary and 938 preferential shareholdings and 73 877 debenture and unsecured loan stockholdings.

The geographical spread of **N.V.**'s ordinary shareholdings based on the country of payment of the final dividend paid in 1978 and 1979 was:

	1978	1979
	%	%
The Netherlands	55	53
Switzerland	21	22
Germany	7	6
United Kingdom	4	5
United States	4	5
France	4	4
Belgium	3	3
Other countries	2	2
	100	100

In 1979, as in 1978, the holders of over 99% of **Limited**'s ordinary shares have registered addresses in the United Kingdom.

Dates for dividend and interest payments

Ordinary	Interim	Announced mid-November. Payable second half of December.
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	Final	Proposed early March. Payable second half of May (New York shares: beginning of June).
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7% and 6% Cumulative Preference		Payable 1st October.
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4% Cumulative Preference		Payable 1st January.
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6% Bonds 1972/91		Payable 15th January.
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9 ³ / ₄ % Euro DM Notes 1981		Payable 1st December.
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8 ³ / ₄ % Bonds 1981/85		Payable 1st December.
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8 ¹ / ₂ % Bonds 1981/87		Payable 1st May.
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9 ¹ / ₄ % Bonds 1987		Payable 15th July.
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4 ¹ / ₂ % Bonds 1984/91		Payable 7th June.
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If the above dates fall on a Sunday or a public holiday, the dividends and interest will be payable on the next working day.

Interim announcements of results

First quarter results	Mid-May.
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First half-year results	Mid-August.
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Nine months results	Mid-November.
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Provisional results for the year	Early March.
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1930

1980

JUNNILEVER