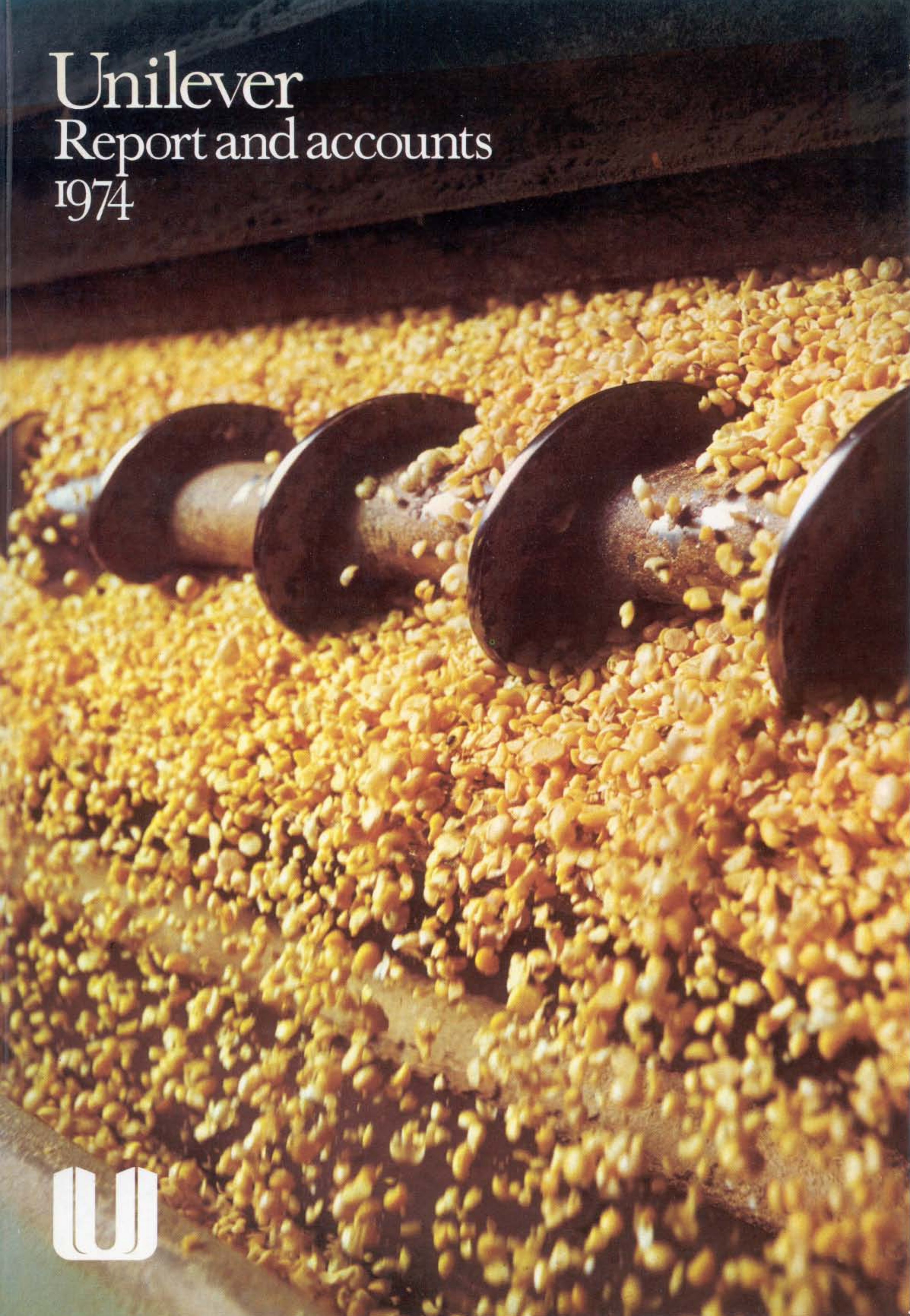
Unilever
Report and accounts 1974



Unilever N.V.

Report and accounts 1974

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D. A. Orr, *vice-chairman*
J. M. Goudswaard, *vice-chairman*
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Jonkheer I. E. B. Quarles van Ufford
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The Viscount Trenchard
K. H. Veldhuis
E. J. Verloop

Advisory directors

B. W. Biesheuvel
H. S. A. Hartog
R. Mueller
J. H. van Roijen
P. P. Schweitzer

Secretaries

C. Zwagerman
H. A. Holmes

Auditors

Price Waterhouse & Co.
Coopers & Lybrand Nederland

Contents

The cover
The photograph on the cover, taken at our Zwijndrecht mill in the Netherlands, shows soya beans being processed. In addition to oil they provide meal which is the main protein constituent in animal feeds. We have successfully developed specially treated soya protein which is likely to become an increasingly important element in human nutrition.

A special survey of our Detergents business is issued as a supplement to this Report.

Unilever

Unilever comprises Unilever N.V., Rotterdam **(N.V.)** and Unilever Limited, London **(Limited)** and their respective subsidiary companies which operate in more than seventy-five countries and are mainly engaged in the manufacture and sale of a wide variety of goods for household use. The principal products are foods (including margarine, other fats and oils; ice-cream; frozen and other packaged 'convenience' foods; meat and fish); drinks; detergents and toilet preparations; paper, plastics, packaging; chemicals; and animal feeds. Through UAC International a substantial business is carried on in Africa and other parts of the world as merchants and retailers, as timber producers and manufacturers of timber products, in diverse industrial ventures, and in the operation of an ocean fleet. Unilever also has other interests in transport and interests in plantations.

N.V. and **Limited** have identical Boards of Directors and are linked by agreements, including an Equalisation Agreement which requires 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 guilder/sterling 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. In consequence, the combined affairs of **N.V.** and **Limited** are more important to shareholders than the separate affairs of either company.

The Report and Accounts as usual deal with the results and operations of Unilever as a whole, with the figures expressed in guilders. Except where otherwise stated, therefore, all figures are for **N.V.** and **Limited** combined.

This is a translation of the original Dutch report. French and German translations, with the figures remaining in guilders, are also published.

The report and accounts of **Limited**, which are in English with the figures expressed in sterling, contain the same information as this document, apart from certain statutory information required by the United Kingdom Companies Acts 1948 and 1967.

1974 in brief

Apart from the very high rates of inflation experienced in 1974, the cost of our particular raw materials rose even more rapidly. Selling prices therefore had to be increased sharply; as a result some markets ceased to expand and it was harder to increase our sales volume. This in turn made cost savings more difficult to achieve. Our ice-cream sales suffered from the miserable summer in Northern Europe. Demand for animal feeds declined. Price control remained restrictive. We started the year with ample funds but large amounts of extra working capital were needed as a consequence of the rise in all costs. This led to a substantial increase in interest charges.

In these circumstances we were unable to sustain the growth in earnings per share achieved in recent years. Helped by the diversity and wide geographical spread of our interests, operating profit was maintained at about the level of the previous year; a marked fall in profit from food and animal feeds in Europe was offset by substantial improvements in other parts of the business, notably chemicals, paper, plastics, packaging, UAC International, and the United States and Canada. After taxation and interest charges, however, profit attributable to ordinary capital was below that of 1973.

The Boards' ordinary dividend proposals reflect the fact that in 1973, when combined earnings rose substantially, **N.V.** was prevented by statutory controls from increasing its dividend. But for this the Boards would have proposed increases in the 1973 dividends of both companies.

The proposals represent an increase of 8% in **N.V.'s** total dividend for the year. Shareholders in **Limited** will receive the maximum payment permitted by the statutory controls in the United Kingdom, leaving a balance of dividends declared to be carried forward for payment when circumstances permit.

Summary of combined results

for the year ended 31st December

Figures in italics represent deductions

Fl. million

	1973[1])	1974
Sales to third parties	29 197	**34 471**
Operating profit	2 193	**2 109**
Non-recurring and financial items	*34*	***142***
Profit before taxation	2 159	**1 967**
Taxation	*1 035*	***961***
Profit after taxation	1 124	**1 006**
Outside interests and preference dividends	*84*	***91***
Profit attributable to ordinary capital	1 040	**915**
Ordinary dividends	*324*	***348***
Profit of the year retained[2])	716	**567**
Earnings per share[3])		
per Fl. 20 of capital	Fl. 18.64	**Fl. 16.43**
per 25p of capital	43.02p	**41.76p**
Ordinary dividends		
N.V.—per Fl. 20 of capital	Fl. 6.71	**Fl. 7.25**
Limited—per 25p of capital	10.63p	**12.48p**

[1]) The figures for 1973 have been restated in consequence of a change in accounting policy—see pages 32 and 33.

[2]) Other movements in Profits retained are shown in the consolidated accounts on page 36.

[3]) The basis of calculation is shown on page 39. The decrease in guilders is 12% and in sterling 3%. The difference arises from the use of the rate of £1 = Fl. 6.50 in 1973 and £1 = Fl. 5.90 in 1974.

Summary of combined assets and liabilities

as at 31st December

Figures in italics represent deductions

Fl. million

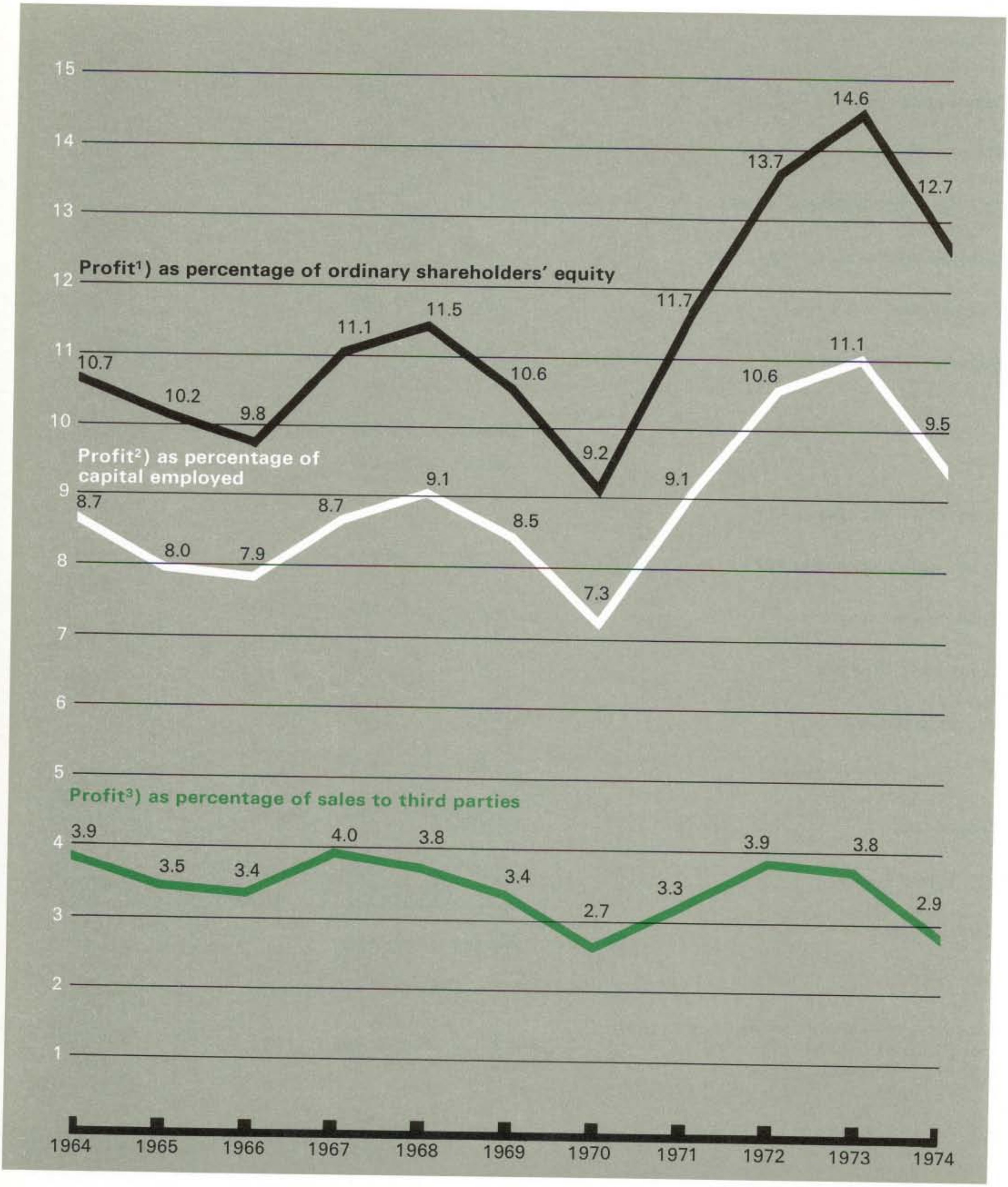
Capital employed	1973	**1974**
Preferential share capital	298	**295**
Ordinary shareholders' equity	7 134	**7 196**
Outside interests in subsidiaries	244	**327**
Loan capital	1 601	**2 120**
Deferred liabilities	1 266	**1 421**
	10 543	**11 359**

Employment of capital		
Land, buildings and plant	5 238	**5 577**
Trade investments	215	**197**
Long-term debtors	203	**291**
Working capital	4 574	**5 858**
Provision for taxation	*801*	***635***
Dividends	*257*	***299***
Net liquid funds	1 371	**370**
	10 543	**11 359**

Ordinary shareholders' equity per share		
per Fl. 20 of capital	Fl. 127.92	**Fl. 129.14**
per 25p of capital	295.21p	**328.33p**

The figures above and on page 4 are the combined figures shown in the consolidated accounts on pages 36 and 37 and should be read in conjunction with these accounts and the note on page 31.

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.

Review of 1974

to be submitted at the annual general meeting of shareholders to be held at the company's offices, Burgemeester s'Jacobplein 1, Rotterdam, on 13th May, 1975.

Introduction

The economic background
In 1974 inflation accelerated, while for the world as a whole economic growth was the poorest of any year since the second world war.

A number of important countries, including the United Kingdom, the United States and Japan experienced a decline in Gross National Product. After a record year in 1973, when world trade grew by 13% in volume terms, the estimated growth rate for 1974 was only 4%.

Double figure inflation rates became commonplace. With petroleum prices quadrupled, the cost of energy soared. There were also enormous increases in the cost of many raw materials. Oils and fats prices more than doubled, and the cost of many other food materials increased sharply, particularly in the United Kingdom with its high consumption of imported food and the fall in value of sterling. However, the pace of increase slowed down in the latter half of the year with industrial materials, particularly metals, beginning to decline in price while the basic food materials fluctuated around the very high levels they had reached.

Industry was further burdened by very high interest rates and by attempts to slow down inflation through price control in many countries. As the year went on, wage and salary levels in a number of the largest industrial countries began to rise more steeply.

The additional pressures put on the international monetary system by shifts in terms of trade between oil producers and consumers were tremendous. It is to be hoped that solutions will be found to the problems created by the balance of payments deficits of the oil consuming countries whilst avoiding a drift into major world recession.

Exchange rates
In unsettled markets relatively small movements in funds often produced disproportionate changes in exchange rates. During the year there were swings of 10% or more in the relative positions of major currencies and, on a number of occasions, fluctuations in the value of individual currencies exceeded 1% in a single day.

The Dutch guilder remained in the linked European Community float, whilst sterling continued to float separately. The guilder remained strong throughout the year. For sterling, the exchange rate held reasonably steady through most of the year, but fell sharply towards the year-end.

For the purpose of calculating the 1974 combined results we have used the sterling exchange rate current at the year-end of £1 = Fl. 5.90. This was 9% below the rate of £1 = Fl. 6.50 used for the 1973 results. Calculated at these rates, combined earnings per share fell by 12% in terms of guilders, and by 3% in sterling. If the 1974 combined results had been calculated at the same rates of exchange as those for 1973, earnings per share would have fallen by 6% in both currencies.

International developments
Progress towards economic integration of the European Community was again slower than had been hoped. As a group operating in all the countries concerned, we hope that the United Kingdom's membership of the Community will be re-affirmed.

The United Nations Economic and Social Council has accepted recommendations for the establishment of a Commission on Transnational Corporations, and of an Information and Research Centre within the United Nations Secretariat. By disseminating factual information, the Committee and the Centre could help dispel the misunderstanding and distrust associated with multinational companies: whether they succeed in doing this will depend on the degree of expertise and objectivity with which they approach the subject.

The Trade Reform Act in the United States, and other developments, have raised hopes that international negotiations conducted within the General Agreement on Tariffs and Trade will lead to further liberalisation and expansion of world trade. This would increase the accessibility of world commodity markets and thereby help to stabilise supplies and prices. This is of particular relevance to a group such as ours which obtains its raw materials from a great many sources throughout the world.

The world food problem
As large international food processors we are naturally concerned about the world food situation. The growth in world population has been accompanied by increased consumption per head in a number of countries. Adverse climatic conditions in some of the world's main production areas coinciding with a gradual decrease in the United States cereal and soya

stocks, poor fisheries results in Peruvian waters and heavy purchases by some East European countries and China, contributed to the high world market prices in 1974. A number of developing countries are badly affected by the increased cost of oil and fertilisers.

In the short term, the western world may have to mitigate the problems by food aid and the organisation of emergency stocks on the basis of the agreements reached at the World Food Conference in Rome.

In the longer term, the only real solution can come from improvements in the agricultural structure of the developing countries. This will call for more emphasis on agricultural investments including the improvement of storage and transport facilities. United Nations agencies are making a contribution by assisting in education, training and research programmes.

The development of vegetable protein for human consumption is unlikely to result in a significant contribution to the world's protein supplies in the short term. In the long run, however, this development may provide a wider variety of choice and the opportunity of a better diet, especially in the developing countries.

We have been involved in various agricultural aid projects in developing countries, such as sunflower cultivation, vegetable protein development, and work on nutrition and soya milk processing. We will continue such work in collaboration with such United Nations agencies as the Food and Agricultural Organisation and with national governments in fields where we have know-how and research facilities in the growing, processing and distribution of food and feed.

Taxation
In the United Kingdom, the rate of corporation tax was increased to 52% with effect from 1st April, 1973. However, the net result of other changes was to improve cash flow in the United Kingdom, tax reliefs for increased values of stocks introduced by the November Budget more than offsetting the higher tax rate and a surcharge of 50% on advance corporation tax imposed by the March Budget. Elsewhere some losses could not be offset against taxable profits of the year. Consequently the average rate of taxation on our profits was higher than in 1973.

Inflation
Under the present inflationary conditions it is vital for industry to be able to preserve its capital in real terms. The fall in value of money increases the cost of replacing and maintaining plant and equipment as well as the cost of materials. If industry cannot provide for this out of its operations, it cannot maintain an adequate level of investment. Eventually employment must suffer. Yet, price controls and taxation on profit are in most cases based on current accounting conventions which ignore the effects of inflation. This is damaging to industry, and consequently to national economies.

New accounting conventions for dealing with inflation are being discussed in various countries. In the United Kingdom a Government-appointed committee is expected to report shortly; in the meantime the accountancy bodies have recommended a method based on movements in the current purchasing power of money. As an example of the effect of inflation, calculations based on this method would have reduced our profit attributable to ordinary capital for 1974 by about one-third.

Prospects
Because of world economic conditions, markets are likely to be slow-moving throughout most of 1975. However, oils and fats prices have fallen and other raw material prices are showing a tendency to stabilise. If this trend remains it will improve our trading conditions and reduce our cash requirements.

We continue to look for ways and means to offset rising costs of fuel, of transport, of packaging materials, and of wages and salaries. We are, however, determined not to down-grade the quality of our products in this process. This means careful analytical work and comprehensive consumer research.

The efforts of our staff at all levels have enabled us to fare reasonably well in the unusually difficult conditions of the past year. The economic climate remains uncertain and difficulties may well persist for at least part of the current year. However, we are confident that we shall be able to resume the upward trend of earnings.

Capital expenditure

In 1974 capital expenditure totalled Fl. 1 309 million (1973: Fl. 974 million).

Analysis by geographical areas and operations.

	%	Fl. million
E.E.C. Countries	70	914
Other European Countries	8	102
United States and Canada	6	86
Central and South America	2	23
Africa	10	126
Asia, Australia, New Zealand	4	58
	100	1 309

	%	Fl. million
Margarine, other fats and oils, dairy products	22	281
Other foods	28	365
Detergents	12	161
Toilet preparations	3	35
Chemicals, paper, plastics, packaging	13	174
Animal feeds	3	44
UAC International	7	90
Plantations, transport and other interests	12	159
	100	1 309

Projects amounting to Fl. 1.404 million (1973: Fl. 1 279 million) were approved in 1974.

The more important projects were:

Expansion of oil seed processing capacity in the United Kingdom.

Production facilities for high protein soya meal in the Netherlands.

Expansion of margarine production capacity in Brazil and Denmark.

Expansion of oil refining capacity in Denmark, Indonesia and South Africa.

Rationalisation of cheese production in Germany.

Tea processing factory in the United Kingdom.

Supermarkets in the United Kingdom.

Fish shops, restaurants and depots for the Nordsee Group.

Cold stores in Austria and Italy.

Ice-cream factories in Singapore and Switzerland.

Production facilities for toilet soaps in Brazil.

Replacement of powder packing facilities in Germany.

Detergents plant in India.

Production facilities for detergent for machine dishwashing in Germany and France.

Purchase and development of site for toilet preparations in France.

Expansion of production facilities for surface coating resins in the Netherlands.

Facilities for the manufacture of hydrocarbon resins in France.

Production facilities for ossein in India.

Corrugated case factory in the United Kingdom.

Expansion of facilities for plastic film production in Germany.

Development of board making capacity in the United Kingdom.

An additional ship for Palm Line.

A roll-on/roll-off ship for the Netherlands.

A tank coaster and tanker for Germany.

Source and use of funds

Figures in italics represent deductions
Fl. million

	1969	1970	1971	1972	1973	1974
Funds generated from operations	**2 027**	**2 108**	**2 326**	**2 600**	**2 851**	**2 676**
Profit before taxation	1 414	1 307	1 636	1 836	2 159	1 967
Costs not involving outflow of funds:						
Unfunded retirement benefits	41	135	23	120	39	47
Depreciation	572	666	667	644	653	662
Funds from other sources	**25**	**182**	**50**	**42**	**101**	**605**
Loan capital issued/***repaid***	25	156	50	42	101	605
Share capital issued	—	26	—	—	—	—
Total sources	**2 052**	**2 290**	**2 376**	**2 642**	**2 952**	**3 281**
Taxation payments during year	***706***	***598***	***589***	***705***	***692***	***906***
Capital expenditure less disposals	***778***	***906***	***749***	***781***	***887***	***1 223***
Acquisitions/*disposals*	***132***	***230***	***34***	***213***	***260***	***86***
Trade investments	***20***	**9**	***12***	**22**	***57***	**5**
***Additional*/reduced working capital**	***465***	***329***	**112**	***96***	***753***	***1 557***
Stocks	*187*	*583*	*63*	36	*996*	*1 993*
Debtors	*422*	*245*	54	*410*	*571*	*526*
Creditors	144	499	121	278	814	962
Dividends paid during year	***322***	***324***	***322***	***303***	***337***	***311***
Other sources/*uses*	***36***	***3***	***188***	***1***	***71***	***169***
Total uses	***2 459***	***2 381***	***1 782***	***2 077***	***3 057***	***4 247***
Net increase/*decrease* in net liquid funds	***407***	***91***	**594**	**565**	***105***	***966***
Net liquid funds 1st January	**963**	**552**	**461**	**1 051**	**1 570**	**1 371**
Effect of exchange rate changes	*4*	—	*4*	*46*	*94*	*35*
Net liquid funds 31st December	**552**	**461**	**1 051**	**1 570**	**1 371**	**370**
Of which:						
Marketable securities	552	398	253	264	491	344
Cash and deposits	804	876	1 586	2 017	1 490	1 209
Short-term borrowings	*804*	*813*	*788*	*711*	*610*	*1 183*

Finance

Throughout the year substantially more working capital was needed because of the exceptional increase in raw material costs. Towards the end of the year these costs began to stabilise but this came too late to be of significant financial benefit in 1974.

At the same time, capital expenditure rose sharply as a result both of the increase in capital projects and of an acceleration in the rate of increase in the costs of plant and equipment. Taxation on profits paid during the year rose in parallel with the increase in profit before taxation in 1973. As a result of all these factors our financial requirements rose substantially.

The deficit was met mainly by running down our ample resources of net liquid funds at 1st January, 1974. We also raised additional loan capital, chiefly in the form of issues by **N.V.** and its subsidiaries in guilders, German marks and Swiss francs. We shall consider further increases in medium or long-term loan capital.

Acquisitions during the year included Kennedy's (Builders' Merchants) Limited in the United Kingdom. The principal disposal in 1974 was the sale of 40% of our interests in UAC of Nigeria Limited in compliance with a Nigerian Government decree.

The movement of Fl. 35 million shown as effect of exchange rate changes arises mainly from the recalculation of the opening funds in **Limited** at the closing rates of exchange. The movements in working capital, trade investments and preferential and loan capital are shown after elimination of the influence of exchange rate changes.

Sales, profit and capital employed by geographical areas

Fl. million	Sales to third parties 1964	Sales to third parties 1974	Operating profit 1964	Operating profit 1974	Capital employed 1964	Capital employed 1974
Total all areas	17 115 100%	34 471 100%	1 220 100%	2 109 100%	7 852 100%	11 359 100%
EEC Countries	9 991 59%	22 020 64%	698 58%	1 099 52%	4 892 62%	7 652 67%
Other European Countries	902 5%	2 208 6%	66 5%	150 7%	327 4%	774 7%
United States and Canada	2 290 13%	3 293 10%	185 15%	237 11%	858 11%	1 128 10%
Central and South America	223 1%	757 2%	17 2%	45 2%	134 2%	238 2%
Africa	2 412 14%	3 690 11%	156 12%	342 17%	1 109 14%	923 8%
Asia, Australia, New Zealand	1 297 8%	2 503 7%	98 8%	236 11%	532 7%	644 6%

Analysis of sales and operating profit

Fl. million

	1969	1970	1971	1972[1]	1973[1]	1974[1]
Sales						
Margarine, other fats and oils, dairy products	6 162	6 863	7 476	7 417	8 471	11 609
Other foods	5 606	6 784	7 338	7 978	8 886	9 252
Detergents	4 889	5 141	5 402	5 266	5 279	5 906
Toilet preparations	704	903	1 036	1 077	1 125	1 226
Chemicals, paper, plastics, packaging	1 695	1 955	1 999	1 938	2 256	2 971
Animal feeds	1 829	1 972	1 871	1 725	2 169	2 395
UAC International	2 443	2 980	3 043	3 020	2 932	3 328
Plantations, transport, other interests	695	808	974	1 720	1 828	1 982
Total sales	24 023	27 406	29 139	30 141	32 946	38 669
of which internal sales	*2 194*	*2 489*	*2 656*	*3 309*	*3 749*	*4 198*
Sales to third parties	21 829	24 917	26 483	26 832	29 197	34 471
Operating profit						
Margarine, other fats and oils, dairy products	477	382	480	566	559	475
Other foods	329	295	395	416	514	354
Detergents	236	362	442	488	461	470
Toilet preparations	35	26	51	61	91	71
Chemicals, paper, plastics, packaging	137	103	85	142	218	309
Animal feeds	31	26	8	43	85	40
UAC International	120	162	154	135	172	255
Plantations, transport, other interests	78	77	102	97	93	135
	1 443	1 433	1 717	1 948	2 193	2 109

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. The profit on these internal sales is included in the profit of the supplying industry.

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.

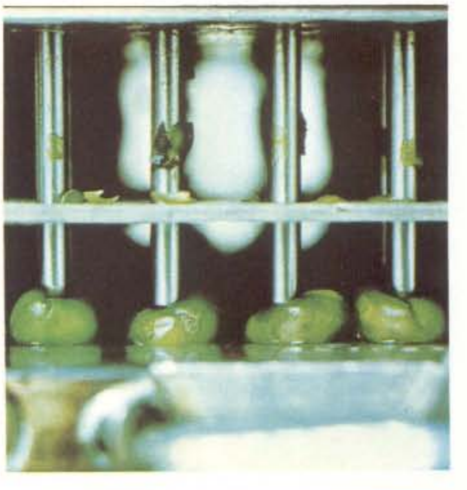
[1]) The movements in exchange rates during 1972, 1973 and 1974 have increased the figures expressed in sterling reported by **Limited,** and decreased them when expressed in guilders, influencing the apparent trend to a significant extent.

Illustrations

The pictures in the Review take a brief look at some of the raw materials we use.

Traditionally, oils and fats were the main raw materials on which much of Unilever depended. They supplied our margarine, soap, animal feeds and speciality chemicals businesses. They remain of vital importance to these industries, but as we have developed other activities, our companies have come to use an ever-increasing variety of raw materials—animal, vegetable and mineral.

We have had to learn all about them: the scientific principles which underlie them; the nature of changes which may take place before, during or after processing; their effects on users and on the environment. We have to devise ways of handling and processing them, in the continuing task of improving existing products and finding new ones.



(TOP) Specialists from our Duiven research laboratory in the Netherlands helped introduce Sunflower to Mexico, where it is now an important cash crop. They have also advised on the introduction of improved varieties in Turkey and India, thus contributing to increased domestic food production.

(LEFT) An oil palm plantlet produced by controlled cell culture techniques developed at our Colworth House laboratory in the United Kingdom—thousands of miles from the actual growing regions.

(RIGHT) Samples from the annual pea crop being tested for tenderness on a specially devised instrument prior to being quick-frozen by Birds Eye Foods.

(BOTTOM) Spinach is a popular vegetable in Continental European countries. In Germany it is grown and harvested on a large scale for our Iglo frozen foods company.

Review of operations

Margarine, other fats and oils, dairy products

	1973	1974
Total sales (Fl. million)	8 471	11 609
Increase	14%	37%
Operating margin	6.6%	4.1%

'Doriana', one of our margarines in Brazil, is made from pure vegetable oils. As well as these, other raw materials are required to pack and protect it so that it reaches the consumer in good condition.

Margarine, other fats and oils
World consumption of margarine, butter and all other edible fats and oils increased a little in 1974, having fallen in 1973. In Europe, however, consumption of margarine fell by about 3%, whereas butter increased slightly. Butter production in the European Community was below the previous year; butter stocks came down from over 400 000 tons at the end of 1973 to some 230 000 tons at the end of 1974.

World market prices for oils and fats were higher than ever, the average price level in Europe being more than double that of 1973. All other cost rises were also higher than in previous years, particularly in Europe. With stricter price controls in most countries, it has become increasingly difficult to recover cost increases in selling prices. The effect has been a continuous pressure on profit margins, especially for margarine.

The fall in demand for margarine was particularly marked in the United Kingdom where the retail price of butter has been subsidised for most of the year. However, sales of our health margarines in countries where they are well established—notably the Netherlands, Belgium and Germany—were less affected than sales of our other brands and increased in volume as well as in value.

Outside Europe sales and profits generally were held back by the strong rise in oils and fats prices, by shortages of oils and fats in several countries, and by difficulty in raising selling prices in line with costs. In Brazil, however, our sales more than doubled. Sales also rose substantially in Indonesia, Japan and Malaysia, although in Japan profitability remains unsatisfactory.

In the European margarine markets we lost some share to lower priced competition. We improved our share of the market for cooking and salad oils, notably with sunflower oil in France. A deep-frying oil was launched in Italy.

Our Oil Milling Division had a satisfactory year in spite of the high cost of energy and some reduction in sales to the compound animal feeds industry. We are considering the construction of a new major extraction plant in Europoort, Rotterdam, and we plan to combine our two existing small plants in Switzerland in a new one to be built on the Rhine near Basle. The existing plant at Zwijndrecht in the Netherlands will concentrate on high quality soya-based vegetable protein. New plant for this purpose is under construction and will come into production in 1976. We already have a number of products containing vegetable protein on the market.

Our business in speciality fats for use in the food industry, mainly by chocolate, biscuit and confectionery manufacturers had another successful year. Further progress has been made, particularly in North America, with the marketing of speciality fats for use as an alternative to cocoa butter.

Dairy products
After a promising start, demand for yoghurt, desserts and other fresh dairy products suffered from the general effects of inflation on consumer spending and, for the first time, the market ceased to expand in most European countries. Our own sales in Europe increased by 40% in value but this was mainly due to the inclusion of a full year's results for an acquisition in France and to the widened distribution of our Cool Country range in the United Kingdom. Margins were squeezed by increases in raw material and packaging costs which we were unable to recover in full by raising selling prices. This business, therefore, remained unprofitable. Plans are in hand for rationalising our product ranges and improving efficiency in production and distribution.

Sales of our cheese products were adversely affected by price competition.

Other foods

	1973	1974
Total sales (Fl. million)	8 886	**9 252**
Increase	11%	**4%**
Operating margin	5.8%	**3.8%**

General
In 1974 the rate of growth in demand for convenience foods slowed down. In contrast to earlier years, most food raw material prices went up more steeply than the general rate of inflation. The combined effect of lower demand, higher costs and severe price control in many countries led to a deterioration in margins which could only be partly offset by further productivity improvements.

Frozen foods
Consumption of frozen foods increased again in 1974, but the growth rate tended to fall in the latter part of the year. Sales of vegetables and similar products increased considerably. Birds Eye in the United Kingdom maintained their share of this market, and also launched a number of lower priced fish and meat products. In Germany competition was particularly keen. In Italy demand for frozen foods was much higher than in 1973, partly because of the high price of fresh food, and we benefited accordingly. In the Netherlands our Iglo company met severe price competition. Our Belgian company had special difficulties with price control because of long delays in securing approval for price increases. Our Austrian company had a satisfactory year.

A number of new high added value products were launched including dessert and confectionery lines and speciality products such as pizzas. Good progress was also made with ready meals for the catering trade.

In June, 1974 the Secretary of State for Prices and Consumer Protection referred to the Monopolies and Mergers Commission the supply in the United Kingdom of certain frozen foods for human consumption. Birds Eye, a major supplier, has received and answered a questionnaire from the Commission.

(TOP LEFT) Like the other vegetables illustrated, beans must be harvested at the right moment. Here a Batchelors' fieldsman checks a crop destined for the company's successful 'Surprise' range.

(TOP RIGHT) Although we have developed machines for many purposes, fresh fish must still be examined by hand. This Nordsee operative has the expertise which comes with long experience.

(BOTTOM) Nordsee operates from Bremerhaven in Germany one of the largest factory trawling fleets in the western world, and is an important supplier to our frozen food companies in Continental Europe. In this picture the net, full of fish, has just been hauled in over the stern so that it can be emptied directly into the processing deck below for freezing.

Our Belgian company Zwan has been very successful in extending its range of salami products with a number of branded, packaged varieties which are eaten as snacks. Of these, 'Bi-Fi' is now also on sale in the Netherlands, Germany and France.

Ice-cream

The summer weather in 1974 was bad in the United Kingdom and the northern part of continental Europe. Demand for ice-cream suffered accordingly and our results were below the good results of the fine summer of 1973. In the United Kingdom sales were further depressed by the imposition of value added tax. Our ice-cream companies in other European countries such as Italy, Austria and Portugal, where the weather was better, did well. Our Australian business faced stiffer competition.

The building of new factories in southern Italy and Switzerland made good progress.

All our companies continued to make regular additions to their range of products. Our sales of items designed for home consumption continued to grow but at a slightly slower rate than in recent years.

Sundry packaged foods and drinks

The increasingly difficult economic conditions during the year have affected the growth and profitability of packaged foods. Results did not reach expectations and were lower than in 1973.

During the year, 'Cup-a-Soup' was extended to a number of additional countries and is now being marketed in 14 countries, making us market leader in this new sector of the soup market. In the Netherlands, our range of dried soups designed for the specific needs of people on special diet, was further extended. The Unox "extra filled" canned soups, which are quick and hearty snacks, made good progress.

The range of salad dressing products marketed by our companies was extended to new types of spicy salad sauces in Germany, low calorie 'Sla-slank' in the Netherlands, and mayonnaise based solely on maize oil in Italy.

Our world-wide tea business managed to increase sales volume and profits, despite the unprecedented increase of around 40% in tea costs during the year. A decision was taken to move our major tea factory in the United Kingdom to new modern premises. The sales of iced tea drinks, based on instant tea, developed well in the United States.

Among other products, coated peanuts made excellent progress in the Netherlands and were extended to Belgium. Vegetables, notably processed peas and 'Surprise' dehydrated peas, had a profitable year in the United Kingdom. Soft drink sales, however, were adversely affected by the poor summer in Europe, particularly in Germany. In Sweden we marketed "camping meals", which with their easy preparation are ideal for those camping, sailing or mountain climbing.

In the Netherlands, Germany and Austria, chocolate and cocoa sales benefited from a full year's operation following our 1973 Bensdorp acquisition. The unsettled conditions of the cocoa market depressed profits. Our successful granulated instant chocolate drink was extended to Denmark and a range of chocolate bars was introduced in Sweden, both with encouraging initial results.

A poor tomato season in Australia restricted production of tomato products, but Rosella Foods continued to make progress with their ranges of dried and canned meals, and consolidated their dominant position in the dried soups market.

Food operations in South East Asia are being given more attention. We are taking the lead in a number of countries in applying our expertise to the development and marketing of new packaged versions of familiar national dishes and cooking ingredients. In Thailand, for example, we market ranges of rice based savoury products, 'Djoke' and 'Kao Tom', which are widely used as snack meals, particularly at breakfast time; and curry creams which combine the traditional uses of coconut milk and spice mixes. Similar activities are in hand in a number of other countries.

Meat products and poultry

The meat products industry is labour and distribution intensive, and our companies were particularly badly hit by the continuous increase in all their costs which could not be recovered in selling prices.

In total our results from meat products for 1974 were bad mainly because of two large companies—Zwanenberg in the Netherlands and the Wall's Meat Company in the United Kingdom. Zwanenberg exports of canned ham from the Netherlands were seriously affected by a collapse early in the year of the North American market, which has since recovered. Wall's had a difficult market for many of its products. This and the continuing pressure of all costs which has developed in the last few years make reconstruction at Wall's inevitable.

Reconstruction of the meat group in the Netherlands is also in hand.

Most of our smaller meat companies, especially those in Belgium, Canada and Germany, performed well with profits above last year.

Our poultry rearing business in the United Kingdom had a bad year in common with the rest of the industry.

Fish
Nordsee, the large trawling enterprise in Germany in which we have a majority interest, had to contend with the higher cost of fuel and a decline in fish prices. These were to a large extent offset by better catches and improvements in productivity.

Catering
There are 129 Nordsee Quick Fish restaurants in the Netherlands, Germany, Austria and Switzerland. In the second half of 1974 this business began to be somewhat affected by cautious consumer spending.

Our joint venture with Gardner Merchant in food service management in continental Europe extended its activities to Belgium.

Retailing
In the United Kingdom the results of MacFisheries supermarkets showed a small improvement.

Detergents

	1973	**1974**
Total sales (Fl. million)	5 279	**5 906**
Increase	0%	**12%**
Operating margin	8.7%	**8.0%**

As with other product groups, the major influence on the detergent market throughout the world in 1974 was the huge rise in the cost of the basic materials used by the industry. World prices of many important ingredients have more than doubled in the past twelve months. This has caused consumer prices of detergents in most countries to rise much more sharply than in recent years. Although the market has continued to grow, some slackening in the rate of expansion has been seen, particularly where detergent prices have risen faster than the prevailing rates of inflation.

The increase in our own sales clearly reflects these influences. In money terms they are well up on 1973, but most of this is due to cost and price inflation, and while there has been continued growth in real terms this has been at a lower rate than over the past few years. Total profits have also risen, but margins everywhere have come under considerable pressure.

Results in most countries were more affected by changing government policies on prices and inflation than by the trend of sales or by competitive activity. In the United States all price controls were abolished in April, 1974; but in Italy the complete price freeze on our products which was introduced in July, 1973 lasted until August, 1974 with serious consequences for our business there. In most other countries there has been a strong tendency for controls to become more severe and only in a few has there been any relaxation. These changes have caused sharp fluctuations in profitability in the countries in question, and made it much more difficult to maintain the continuity and stability of manufacturing and selling operations which a large group such as ours strives to achieve in the interests of lower overall costs.

It is towards greater productivity, and therefore lower costs, that much of our capital investment is currently directed. This can range from large single projects to replace older less economic facilities, such as the construction of a completely new factory in Austria or of an automated warehouse at Port Sunlight, down to relatively modest amounts invested in cost improvement schemes in factories, warehouses and offices. For the longer term we continue to expand capacity where we see prospects of reasonable long-term growth, and during 1974 we have completed extensions to our factories in Brazil which will roughly double our powder and bar soap capacity in that expanding market. In Brazil we have also acquired an industrial detergents company as a means of further developing our existing successful interests in that field.

Conditions during the year have not favoured the introduction of new products. Raw material shortages, actual and threatened, have caused more development effort to be spent on problems of raw material substitution while the general climate of business uncertainty in some countries has scarcely been encouraging for major new marketing ventures. Two exceptions have been the launch on a national scale in the United Kingdom of 'Jif', the household surface cleaner sold in other countries as 'Cif', and the launch in Germany of a new toilet soap 'Atlantik' on a strong appeal of freshness.

However, the results of important research and development projects are also reflected in the advances made by some of our existing major brands during the year, while the testing of new products has continued satisfactorily in most major markets.

Toilet preparations

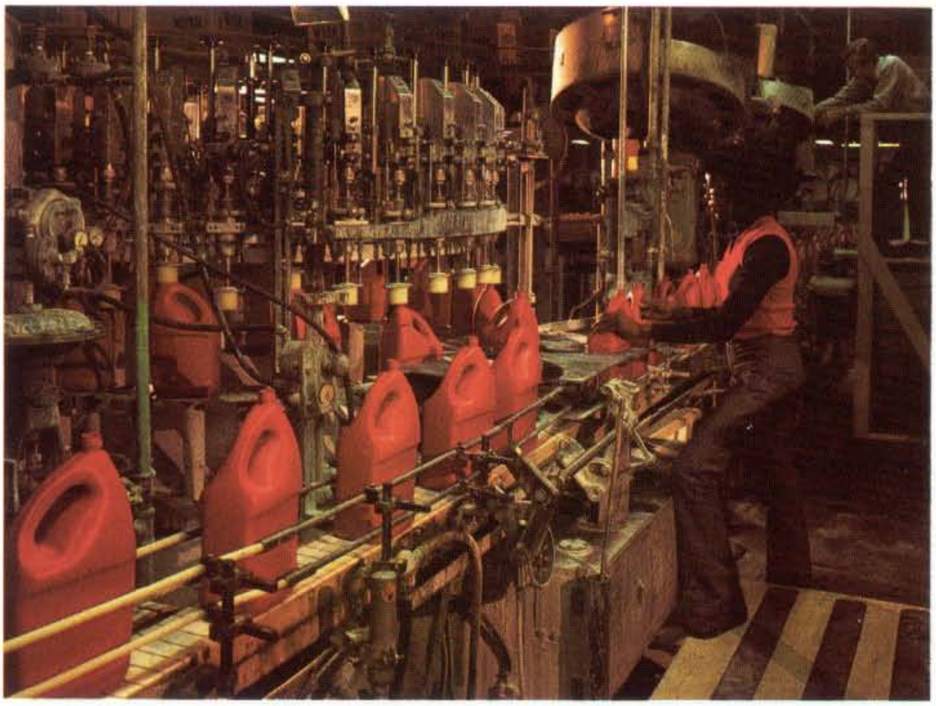
	1973	1974
Total sales (Fl. million)	1 125	**1 226**
Increase	4%	**9%**
Operating margin	8.1%	**5.8%**

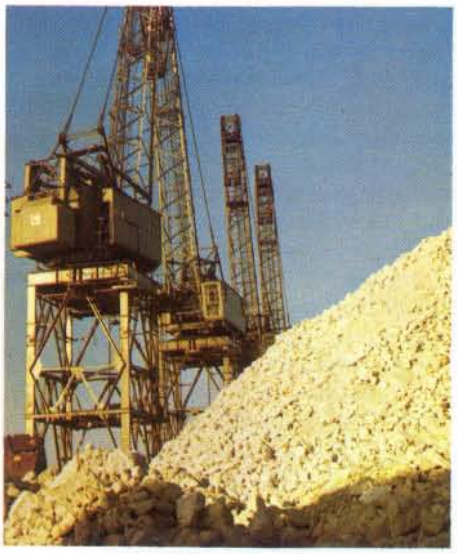
Our toilet preparations business achieved good results, the reduction in reported profit being due to the heavy cost of the successful launch of 'Aim', a new therapeutic toothpaste, by Lever Brothers Company in the United States. We increased our share of the world market and our sales, both in value and in volume; reached record levels.

In Europe we made advances in sales and profit in almost all countries with particularly outstanding performances from the United Kingdom, Austria and Spain. In the rest of the world we made considerable progress, the results in South America and South Africa being especially noteworthy.

Our hair products, mainly sold under the 'Sunsilk' name, made excellent progress across the world as we incorporated new product developments and extended our range of products. Sales of deodorants and antiperspirants similarly increased, as did our various bath foams and the Atkinsons range of perfumery and cosmetics.

Sales of toothpastes increased, the greatest growth being with our main anti-decay brand 'Signal'. Recently completed clinical trials lasting three years have again demonstrated the effectiveness of this product. 'Mentadent', our new gum-health brand already marketed in Germany and Austria, was extended into the Netherlands, France and Switzerland.





(TOP) Some established raw materials may become scarce, or subject to environmental legislation. Lever Brothers Company, which pioneered the liquid laundry detergent market in the United States with 'Wisk', can use alternative ingredients to give the product its cleaning power.

(BOTTOM LEFT) Felspar, a rock which can be crushed to a fine powder, is one of the ingredients used to obtain the cleaning effect in 'Vim' for a variety of traditional household surfaces.

(BOTTOM RIGHT) There are more ingredients in toothpaste than most people think. 'Signal 2', with its distinctive red stripe, contains, amongst others, 'Urlium' a special polishing agent, and sodium-monofluoro-phosphate which can help strengthen the enamel of the teeth against tooth decay.

Chemicals, paper, plastics, packaging

	1973	1974
Total sales (Fl. million)	2 256	**2 971**
Increase	16%	**32%**
Operating margin	9.7%	**10.4%**

(TOP) Traditionally, after the grain harvest in the United Kingdom, millions of tons of straw are burned in the fields. This wastes a potentially valuable raw material which can now be treated to make nutritious pellets for cattle diets.

(BOTTOM) Over 400 000 tons of waste paper are re-cycled annually into packaging board by Thames Board Mills in the United Kingdom. Much of it arrives by barge at Purfleet, on the river after which the company is named.

Chemicals

Market conditions in the chemical industry were very disturbed during 1974. The early part of the year was characterised by heavy demand, while production in many factories was hampered by shortages of raw materials, and in the United Kingdom by the three-day week. In the late autumn the slackening of economic activity in most parts of the world led to a corresponding reduction in demand for chemicals, and this, coupled with the general liquidity situation, caused a marked slow-down in our sales.

Our companies did well in adapting to these rapidly changing conditions, and profitability for the year was markedly higher than in 1973. All contributed to these improved results, which derived equally from vigorous marketing activities, the introduction of new and improved products, and continued pressure on costs.

Among important developments during the year can be counted the commissioning of new plant in the United Kingdom for the production of polymer emulsions at high pressures by Vinyl Products; for the production of fatty acid esters by Price's Chemicals; and for silica gel products by Crosfields. New capacity for powder coatings was commissioned by Société Industrielle de Voisins in France and by Vereinigte Pulverlack in Germany.

At Unilever-Emery in the Netherlands—our joint venture with Emery Industries, Inc. of Cincinnati—at Bromborough in the United Kingdom and at Unichema, Germany, further important plant improvements were put into effect for the purpose of additional cost reduction and for quality improvements in the range of fatty acids and glycerine.

In the last week of the year part of the Unilever-Emery fatty acid plant was seriously damaged by fire. There were fortunately no casualties. The loss is fully covered by insurance.

Our chemical companies in Australia, Canada and South Africa had a good year.

Paper, plastics and packaging

The costs of raw materials rose sharply in late 1973 and early 1974 and some difficulties were experienced in procuring supplies. Later, costs became more stable, except for wood pulp and its derivatives, and procurement became easier.

In general, particularly in the first half of the year, demand in relation to productive capacity in these industries proved buoyant. Towards the year-end demand for some products began to fall, in most cases because customers were reducing their stocks.

Our companies in these fields, whose products and markets are diverse, made, in total, substantial progress in profitability. Most units contributed to this. The main volume increases were achieved in Germany; there was also significant growth in the Netherlands and Austria.

In the United Kingdom, Commercial

Plastics suffered more than most of our companies from the three-day week, and industrial disputes had an adverse effect on the activities of some of our other businesses. So did price control, which for two years has limited returns on our substantial investments, particularly in import-saving operations. We are, however, increasing capacity for products where demand is expected to ensure an adequate return, notably specialised board products made by Thames Board Mills and corrugated cases by Thames Case. The enlarged business of the Austin Packaging Group which, at Bromborough, near Liverpool, now has one of the largest carton making factories in the United Kingdom, completed its reorganisation and extension and became profitable.

Further expansion is being considered in continental European countries where specific market opportunities have been identified.

Animal feeds

	1973	**1974**
Total sales (Fl. million)	2 169	**2 395**
Increase	26%	**10%**
Operating margin	3.9%	**1.7%**

All sectors of the livestock industry throughout the European countries where we have animal feeds businesses had a difficult time during 1974. In the Netherlands, the United Kingdom and France livestock producers' costs have often exceeded the price received for the end product. In the United Kingdom and France the result has been a reduction in livestock numbers, and a decline in the total market for compound animal feeds.

Under these conditions our compound feeds businesses in the Netherlands and the United Kingdom did as well as could be expected. Unfortunately our French business also had to contend with a specially damaging application of price controls.

Our agricultural merchant companies in the United Kingdom achieved good results in spite of a declining volume of feed sales. This business serves all branches of agriculture and can, therefore, take advantage of opportunities for sales of seed, fertilisers, and agricultural chemicals to the arable farmer.

Extensions have been made to our Helmond mill in the Netherlands. Production at Delft came to an end during the year. In the United Kingdom we virtually completed the construction of seven country mills and were able to improve distribution facilities. During the year a start was made on moving production of animal feeds in the Republic of Ireland from Dublin to two smaller mills in the south and south-west.

There have been three major areas of development during the year. Steps are being taken to introduce the oral vaccine 'Intagen' in many countries: this, when added to feed, alleviates scouring in young livestock, notably pigs and calves. We have patented and developed a chemical method for treating barley straw, which results in a product that is economical to use and to feed. We have developed, and hold patents for, the fractionation of grass proteins so as to provide two products, a valuable protein and a useful fibrous material for feed. This process will be further developed in 1975 and should be in volume production by 1976.

UAC International

	1973	1974
Total sales (Fl. million)	2 932	**3 328**
Increase/*Decrease*	*3%*	**14%**
Operating margin	5.9%	**7.7%**

The UAC International group had an outstanding year. Profits rose sharply; new acquisitions made a useful contribution, and a number of countries in which the group operates, notably Nigeria and the Arabian Gulf states, benefited from higher oil and commodity prices. In addition to the increase in the group's own sales, the trade investment companies in which the group has a management responsibility recorded an equally satisfactory increase. There was an inevitable increase in working capital, partly because of the acquisitions, but mainly because of inflation.

The acquisitions in 1974 included Kennedy's (Builders' Merchants) Limited, further office equipment businesses in the United Kingdom, and a company in Belgium manufacturing laboratory supplies. The automotive equipment businesses in France, acquired in 1973, continued to develop successfully. In 1974, a wholesale company in France was acquired, dealing with a wide range of electrical contracting materials. These acquisitions in Europe complement activities already carried on by the group in Africa.

All the main divisions of UAC International contributed to the improvement in results, notably the G. B. Ollivant Division where profits were excellent not only in traditional trading but also in office equipment and building materials. In the technical businesses, demand for 'Caterpillar' products was high, and sales were buoyant in radio assembly, plant hire and general industrial machinery activities. The Timber Division did well, especially in the Far East; in recent months, however, there has been a sharp downturn in world timber demand and prices, but in Nigeria the local market for timber products is expanding. Palm Line increased its profits and purchased an additional ship. The motors business in the United Kingdom and Africa made good progress. Operations in French-speaking Africa were profitable, and there was satisfactory growth in our businesses in the Arabian Gulf.

In compliance with Nigerian legislation, two-fifths of the equity of UAC of Nigeria Limited was sold to Nigerians; one million shares to each of the twelve State Governments, and a further seven million shares to 85 000 private shareholders. Half the equity of Aetco Lever Maroc was sold to Moroccan interests.

Plantations

With the high commodity prices that prevailed in 1974 our plantations interests had an excellent year. All areas and all crops—cocoa, copra, palm kernels, palm oil, rubber and tea—contributed.

Profits would have been higher but for the fact that some governments either greatly increased their export duties or introduced special export levies.

Although our plantations grow some of the materials processed in our factories, they are not a captive source of such materials. Their production, which in any case does not normally exceed about 4% of our total requirements, is sold in world markets.

Transport

This was the first year in which our transport companies operated in Europe as a co-ordinated, international group. In spite of the rising costs and some signs of surplus capacity in the general haulage industry, we had a successful year. Business with third parties doubled. Profits were up, with shipping and some of our specialised road operations performing particularly well. Our business in Germany had a very successful year and our small operations in Ireland, Italy and Spain have sustained an encouraging rate of growth.

We continue to strengthen our distribution networks and to extend our interests in selected haulage activities. We have launched the first fully national warehousing and distribution service in Germany and opened a new roll-on/roll-off service between Scheveningen in the Netherlands and Middlesbrough in the United Kingdom. The acquisition of the Comart group in the United Kingdom strengthens our refrigerated haulage interests.

Exports

In 1974 our exports—from over 30 countries throughout the world—reached a combined total of Fl. 4 530 million, compared with Fl. 3 509 million in 1973.

Over three-quarters of our total exports in 1974 continued to be concentrated on those shipped from the Netherlands, the United Kingdom and Germany.

The values of these shipments from each of the three main exporting countries, and from all other countries combined, since 1972 are as follows:

Fl. million	1972	1973	1974
The Netherlands	1 154	1 388	**1 561**
United Kingdom	771	839	**1 087**
Germany	524	764	**1 087**
Other countries	488	518	**795**

Most of the increase in our Netherlands exports was achieved by our edible fats and chemicals companies—whose higher shipments more than offset a decline in our exports of meat.

The increases in our exports from the United Kingdom were mainly in sales of chemicals, detergents, tea, and merchandise shipped by UAC International, partly offset by a fall in exports of animal feeds.

Our German companies achieved steep increases in exports of chemicals, packaging and oils, oilcake and meal, as well as higher shipments of various food products.

Personnel

The total number of Unilever employees world-wide is 357 000 (1973: 353 000).

Continuing high levels of inflation and the general economic climate have led in many countries to anxiety about living standards and job security. With minor exceptions employee relations in our establishments have been good, and our dealings with trade unions constructive.

Further sharp increases in wages and salaries took place because of the need to compensate for increased living costs. The efficient deployment and use of our manpower resources thus remain of paramount importance. This objective calls for better manpower planning, job related training, and further improvements in organisation. A reasonable yield on capital employed is essential to maintain present and future levels of activity, thereby safeguarding job opportunities and incomes for our employees. Governments are increasingly coming to recognise this.

Diminishing levels of economic growth, and consequently lower rates of increase in real incomes, have led in a number of countries to a continuing debate on incomes distribution. Our remuneration policies have always been designed to establish local pay levels in line with the income structures of the various countries in which we operate. At the same time we must retain the ability to offer proper rewards for exceptional performance and enterprise.

Public discussion on co-determination or participation has continued in a number of countries. We have extended and improved our internal information and consultation processes, and we aim to make further progress in the same direction. We accept co-determination in principle provided it takes a form which can contribute to the efficiency of our operations.

It has always been our policy to safeguard and promote the health of employees. The size and extent of the effort required vary from country to country, since our object is to complement and not compete with existing medical services.

Our health facilities range from full clinical and hospital services for employees—and even their dependants—in remote tropical plantations, to industrial medical centres in factories and offices in developed countries. In the latter, where the burden of disease is less, attention can be concentrated on the working environment and on counselling, preventive and advisory medical services.

At a plantation in Cameroun, for example, where we have a 40-bed hospital, some 35 000 consultations are recorded each year—about 17 000 for employees and the remainder for their families and non-employees. In 1973 there were 196 births in the maternity unit. By contrast in one of our United Kingdom factories one part-time doctor and three nursing sisters are employed, and there are about 18 000 consultations a year.

This work, together with programmes for preventing major diseases such as cholera, smallpox and typhoid, and screening procedures which have helped control tuberculosis, is at present carried out around the world by some 60 full-time and 150 part-time medical officers, as well as a very large number of nursing and auxiliary staff.

Pensions

Our contributions to our own and other pension schemes, including State Schemes, and other payments for employees' retirement and death benefits, amounted in 1974 to Fl. 537 million. The assets of our funds throughout the world amounted at the end of 1974 to Fl. 4 089 million at book value (1973: Fl. 3 947 million); the reserves in our accounts to meet our obligations under unfunded schemes to Fl. 673 million (1973: Fl. 649 million).

Because of the general decline in world stock markets and property values the market value of the assets at the end of 1974 was below book value; but, provided they are temporary, falls in market value have no adverse effect on the finances of pension funds. Current market values are less important to these funds than the long-term profitability of industry and its effect on income yields.

In the present inflationary conditions, the investment income of our funds has failed to keep pace with pay increases and, after actuarial reviews, it has been necessary to increase contribution rates. The effect of this will be to increase total company contributions in 1975 by Fl. 47 million in addition to the increases which would have resulted from applying the normal contribution rates to 1975 pay levels.

Our pension schemes are funded on a conservative basis. However, unless investment returns recover to a more reasonable level in relation to pay increases, further increases in contribution rates must be expected.

Research and development

In research we have continued to develop the policies outlined last year, namely to emphasise research programmes related to the social and business environment. For example, the increased effort on safety testing has resulted in the cost of such work at the Colworth House laboratory alone passing Fl. 6 million in 1974. Safety to consumer and employee receives extensive analytical support from the laboratories; the programmes at Hamburg and Colworth being particularly concerned with the identification of possible trace contaminants in food.

Much effort is being devoted to alternative formulae and processes, so as to enable our factories to use a wider range of raw materials and thereby overcome shortages. We have had notable success in using alternative edible oils and fats. 'Urlium', a special polishing agent for toothpaste which we patented some years ago, has given us an advantage in a year when alternatives have not only been in short supply, but have also escalated in cost. In detergents, we have successfully sought means of restricting the use of phosphates and other scarce active ingredients.

Prospects for the successful production of single clones of oil palm by plant tissue culture have increased considerably as a result of the year's work. Substantial progress has been made in widening the sources of scarce foodstuffs, particularly by the use of advanced reforming technology, and several new meat, fruit and potato products of this type are now on the market. Studies into upgrading the nutritional value of barley straw have led to results described earlier in this Review.

Particular attention is being paid to the organisation of our research establishments into a resource which can meet the problems of the future as well as the needs of the current market-place. We are reviewing our scientific and technological strength and increasing it where necessary. A particular case under study is our need as a major food business to be strongly based on the nutritional sciences, where we have already made major contributions in the fields of lipid biochemistry and protein science.

Our total expenditure on research and development in 1974 amounted to Fl. 372 million.

Energy
Some time before the oil crisis of autumn 1973 we had become concerned with the rising cost of all forms of energy, and the worldwide implications of the physical shortage which had started to develop in the United States. By the end of 1973 a number of measures had been taken or initiated for reducing consumption of energy in our business, for maintaining production during energy shortages, and for reducing our use of petroleum-based materials.

The methods by which energy can be saved necessarily vary with the type of operation carried on and with the sources of energy in use or available. In some places, for example, our factories generate their own electricity: here scope exists for using waste heat from the generating plant in production processes. In the past schemes for this purpose seldom offered an adequate return on the investment required: now their economics are being reassessed.

As a result of the measures taken many of our factories have already reduced their energy consumption by between 5 and 10% without appreciable loss of production. Even after these savings our expenditure on energy has risen alarmingly. Our total expenditure for production purposes rose from Fl. 390 million in 1973 to about Fl. 500 million in 1974. Without the savings these costs could have been much higher.

By the end of 1974 the fuel and energy supply situation had become easier, but this was caused by temporary factors—notably reduction of fuel stocks by consumers and the mild early winter weather. For the future there is no doubt that energy will remain scarce and much more expensive than in the past.

Quarterly results

Fl. million	Sales to third parties		Operating profit		Profit attributable to ordinary capital		Earnings per share guilders per Fl. 20 pence per 25p	
	1973	**1974**	1973	**1974**	1973	**1974**	1973	**1974**
1st Quarter	6 715	**7 935**	450	**581**	218	**278**	Fl. 3.91	**Fl. 4.99**
	23%	**23%**	21%	**28%**	21%	**30%**	9.00p	**12.65p**
2nd Quarter	7 202	**8 625**	624	**581**	302	**254**	Fl. 5.41	**Fl. 4.56**
	25%	**25%**	28%	**28%**	29%	**28%**	12.51p	**11.61p**
3rd Quarter	7 221	**8 631**	600	**516**	302	**227**	Fl. 5.41	**Fl. 4.07**
	25%	**25%**	27%	**24%**	29%	**25%**	12.51p	**10.37p**
4th Quarter	8 059	**9 280**	519	**431**	218	**156**	Fl. 3.91	**Fl. 2.81**
	27%	**27%**	24%	**20%**	21%	**17%**	9.00p	**7.13p**
Total year	29 197	**34 471**	2 193	**2 109**	1 040	**915**	Fl. 18.64	**Fl. 16.43**
	100%	**100%**	100%	**100%**	100%	**100%**	43.02p	**41.76p**

The published results for each of the quarters of 1973 and 1974 have been recalculated at the year-end rates of exchange which have been used for the results of the respective years. As explained on page 32 the figures for 1973 have been restated in consequence of a change in accounting policy. The effect of the change in 1973 and 1974 has been spread over the quarters. The figures in the table therefore differ from the figures originally published for each quarter.

Dividends

The proposed appropriations of the profits of **N.V.** and **Limited** are shown in the consolidated profit and loss account on page 36.

The Boards have resolved to recommend to the Annual General Meetings on 13th May, 1975 the declaration of final dividends for 1974 on the Ordinary capitals at the following rates, which are equivalent in value in terms of the Equalisation Agreement:

N.V.

per Fl. 20 ordinary capital	
Interim	Fl. 2.93
Final	Fl. 4.32
Total	Fl. 7.25
	(1973: Fl. 6.71)

Limited

per 25p ordinary share	
Interim	4.85p
Final	7.63p
Total	12.48p
	(1973: 10.63p)

The proposed increase in dividends for 1974 reflects the fact that in 1973 when combined earnings rose substantially, **N.V.** was prevented by statutory controls from increasing its dividend. But for this the Boards would have proposed increases in the 1973 dividends of both companies.

The above proposals represent an increase of 8% in **N.V.'s** total dividend for 1974. The **N.V.** final dividend of Fl. 4.32 will be available from 23rd May, 1975.

However, since last year, the guilder/sterling exchange rate has again fallen. Because of this, **Limited** will be obliged under the Equalisation Agreement to increase its total dividend declarations for 1974 by 17.4%, which exceeds the statutory limit of 12½% currently in force for United Kingdom companies. As before, the Treasury have agreed to such declarations by **Limited**, subject to the condition that the total amount paid to shareholders by way of dividends for 1974 (including the second instalment of the 1973 final dividend which was paid in January 1975 with the first instalment of the 1974 interim dividend) is kept within the statutory limit and payment of the balance of 1974 dividends is postponed.

It is therefore again proposed to make **Limited's** final dividend of 7.63p payable by instalments. The first instalment of 1.25p per share together with the second instalment of the 1974 interim dividend of 4.72p per share would be paid on 23rd May, 1975. This payment of 5.97p per share would bring **Limited's** dividend payments for 1974 (including the postponed second instalment of 1973 final dividend) up to 9.54p per share, which is within the statutory limit, and would be made to shareholders registered in the books of the company on 2nd May, 1975. The balance of 1974 final dividend amounting to 6.38p per share would be paid when the United Kingdom Government's dividend policies permitted, to holders of Ordinary capital now in issue registered at the time of payment.

For the purpose of equalising dividends under the Equalisation Agreement the United Kingdom Advance Corporation Tax in respect of any dividend paid by **Limited** has to be treated as part of the dividend. If the rate of United Kingdom Advance Corporation Tax is changed from the current rate before payment of these dividends has been completed, the figures now announced will be adjusted accordingly.

Final dividends on the New York shares of **N.V.** and on the American Depositary Receipts representing ordinary capital of **Limited** will be paid on 12th June, 1975.

After payment of the ordinary dividends for 1974 it is proposed to set aside Fl. 166 million (**N.V.** Fl. 96 million, **Limited** Fl. 70 million) to reserve for replacement of fixed assets (on behalf of subsidiaries).

Capital and membership

There was no change during 1974 in the share capital of **N.V.** or **Limited.** In 1974 **N.V.** issued Fl. 26 635 8% notes 1975 in connection with its offer for the $5\frac{1}{2}$% cumulative preference shares and the ordinary 'A' shares of Van den Bergh's en Jurgens' Fabrieken N.V. (now Nederlandse Unilever Bedrijven B.V.) leaving Fl. 50 360 of these notes available for issue.

Other changes in loan capital are shown in the Notes to the consolidated balance sheets on page 41.

At the year-end **Limited** had 91 726 ordinary and 1 208 preferential shareholdings, and 99 368 debenture and unsecured loan stockholdings. As **N.V.'s** share and loan capital is held by the public largely in the form of bearer scrip, it is impossible to ascertain the total number of holders or the proportions held by different classes of holder.

Directors

Mr. G. D. A. Klijnstra, Chairman of **N.V.** and a Vice-Chairman of **Limited,** whose intention to retire in 1975 has already been announced, will not seek re-election at the forthcoming Annual General Meeting. In accordance with Article 21 of the Articles of Association, the remaining Directors named on page 1 will relinquish office at the Annual General Meeting and offer themselves for re-election. At the forthcoming Annual General Meeting it is intended to nominate Mr. H. Meij for election as a Director.

The Boards intend to elect Mr. H. F. van den Hoven to succeed Mr. Klijnstra as Chairman of **N.V.** and a Vice-Chairman of **Limited.**

Mr. Klijnstra joined Unilever in 1938. After service in the Netherlands, Indonesia, Germany and the United Kingdom, he was elected to the Boards of both companies at the end of 1955 and became a Vice-Chairman of **N.V.** in 1968. In 1971 he was elected Chairman of **N.V.** and a Vice-Chairman of **Limited.** His colleagues wish to pay tribute to his distinguished service to Unilever, and to his wise counsel, guidance and leadership as Chairman of **N.V.** They are glad to note that he has agreed to continue as an Advisory Director of **N.V.**

At the Annual General Meetings in 1974 the following were elected as Directors of both companies: Mr. K. Durham, Mr. A. H. C. Hill, Mr. F. A. Maljers, Jonkheer I. E. B. Quarles van Ufford, Mr. C. F. Sedcole, Mr. O. Strugstad and Mr. E. J. Verloop.

M. Pierre-Paul Schweitzer, a former Managing Director of the International Monetary Fund, was appointed an Advisory Director of **N.V.** from 1st April, 1974.

After long and distinguished association with Unilever Mr. H. S. A. Hartog has expressed a wish to relinquish office as an Advisory Director of **N.V.,** and will do so at its Annual General Meeting.

We record with deep regret the deaths during 1974 of Mr. F. J. Tempel, a former Chairman of **N.V.,** Lord Heyworth, a former Chairman of **Limited,** and Mr. A. A. Haak who had retired earlier in the year as an Advisory Director of **Limited.**

Auditors

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

BY ORDER OF THE BOARD,

C. ZWAGERMAN Secretary
H. A. HOLMES Secretary

25th March, 1975.

Accounts

N.V. and **Limited** are linked by a series of agreements of which the principal is the Equalisation Agreement. Inter alia this equalises the rights of the ordinary capitals of the two Companies as to dividends and, on liquidation, as to capital value, on the basis of Fl. 12 nominal of **N.V.'s** ordinary capital being equivalent to £1 of **Limited's** ordinary capital. Combined figures are given for the information of shareholders.

Reports of the Auditors

N.V. Group[1])

To the Members of Unilever N.V.

In our opinion the accounts and the notes relevant thereto set out on pages 4 and 5, 31 to 45 and 50 to 52 together give a true and fair view of the state of affairs at 31st December, 1974 and of the profit for the year ended on that date of the Company and the Group and comply with the Netherlands Act on Annual Accounts 1970.

Price Waterhouse & Co.
The Hague

Coopers & Lybrand Nederland
Rotterdam

25th March, 1975

Limited Group

To the Members of Unilever Limited.

In our opinion the accounts and the notes relevant thereto set out on pages 4 and 5, 31 to 43 and 46 to 52 together give a true and fair view of the state of affairs at 31st December, 1974 and of the profit for the year ended on that date of the Company and the Group and comply with the United Kingdom Companies Acts 1948 and 1967.

Coopers & Lybrand
London

Price Waterhouse & Co.
London

25th March, 1975

[1]) Signed by auditors authorised under Section 42a of the Netherlands Commercial Code.

Accounting policies

Companies legislation
The accounts comply with the Netherlands Annual Accounts Act 1970 and the United Kingdom Companies Acts 1948 and 1967. The recommended standards in the Netherlands and the United Kingdom have been implemented, except where any change from present policy would have no material effect.

Changes since 1973
A change in accounting policy has been made to implement the Statement of Standard Accounting Practice No. 6 which has become mandatory in the United Kingdom. Certain items which were previously shown as Exceptional and taken direct to Profits retained are now included in Profit after taxation or shown as Extraordinary items. Previous years' figures have been amended accordingly. Had the previous accounting policy been applied the Profit attributable for 1974 would have been Fl. 894 million (1973: Fl. 1 106 million).

The headings in the Profit and Loss account have been changed to show separately the effect of Non-recurring items and Taxation adjustments previous years.

The accounting policies for the treatment of Goodwill and the Effect of exchange rate changes have been maintained pending the further development of accounting standards.

The change in the rate of Advance Corporation Tax in the United Kingdom reduced the amount of the final dividend for 1973 payable to **Limited** shareholders in order to maintain equalisation with the **N.V.** dividend. The Combined and **Limited** dividend figures in respect of 1973 have, therefore, been reduced by Fl. 4 million from those published last year.

Foreign currencies
The policy is to use closing rates of exchange, those current at the year-end, for translation of all assets and liabilities in foreign currencies into the reporting currencies in which **N.V.** and **Limited's** consolidated accounts are prepared, guilders and sterling respectively. The effect of restating the opening balances in 1974 at 1974 closing rates is a deduction from Profits retained of Fl. 128 million in **N.V.** and a deduction of Fl. 15 million in **Limited.** Of the total deduction of Fl. 143 million, Fl. 110 million (**N.V.** Fl. 105 million, **Limited** Fl. 5 million) is in respect of Land, buildings and plant.

The effect of exchange rate changes during the year on transactions is included in Operating profit.

For the purpose of the combined guilder figures all **Limited** figures are converted at the rate of £1 = Fl. 6.50 in 1973 and £1 = Fl. 5.90 in 1974, except for the ordinary capital of **Limited** which is converted, as in past years, at the Equalisation Agreement rate of £1 = Fl. 12.

The effect of converting all other balance sheet items at 1st January, 1974 at the 1974 closing sterling/guilder rate is reflected in Profits retained and shown separately as sterling/guilder realignment, Fl. 246 million (1973: Fl. 386 million).

Consolidated companies
Companies included in the consolidated accounts are those in which **N.V.** or **Limited** holds directly or indirectly more than 50% of the equity and preference capital or, being directly or indirectly a shareholder, controls the composition of a majority of the Board of Directors. The list of principal consolidated companies on pages 50 to 52 takes account of Article 14(3) of the Netherlands Annual Accounts Act 1970.

Recognising the seasonal nature of their operations, some companies having substantial interests in Africa close their financial year on 30th September. Their accounts at this date are included in the consolidation.

Trade investments
These are minority investments in companies with which **N.V.** or **Limited** has a long-term trading relationship. There are some 200 such investments in businesses throughout the world and a statement summarising the interest in the results and net assets of all Trade investments is given on page 43. These are not significant in relation to the consolidated results or capital employed. Trade investments are shown at cost less Fl. 13 million written off in **N.V.** and Fl. 21 million written off in **Limited** and dividends are accounted for when received. The principal Trade investments are listed on page 52.

Goodwill
Since no value is attributed to Goodwill in our businesses the excess of the price paid for new interests over the value of the net tangible assets is deducted from Profits retained in the year of acquisition.

Depreciation
Depreciation of fixed assets is provided by the straight-line method at percentages of cost related to the expected average lives of the assets.

To make provision towards the higher cost of replacing existing assets an annual allocation is made to fixed asset replacement reserve from the Profit of the year retained. This allocation is the amount by which depreciation calculated on estimated replacement value exceeds the depreciation charged in the consolidated accounts.

Net current assets
Stocks are consistently stated on the basis of the lower of cost and net realisable value, less provisions for obsolescence. Cost—mainly averaged cost—includes direct expenditure and, where appropriate, a proportion of manufacturing overheads.

Debtors are stated after deducting adequate provisions for doubtful debts.

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

That proportion of loan capital which is repayable within one year is shown as loan capital.

Deferred liabilities
Unfunded retirement benefits 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.

Taxation not due before 1st January, 1976 includes United Kingdom corporation tax on the profits of 1974 and Fl. 152 million in respect of tax postponed on increases in stocks in the United Kingdom in 1973, together with certain other countries' taxes not due before that date.

Deferred taxation arises mainly from the charge made to profits in respect of the tax postponed through fixed assets being written off in some countries more rapidly for tax purposes than under the group depreciation policy, less the estimated future tax relief on the provision for unfunded retirement benefits. The provision for deferred taxation at 31st December, 1973 has been adjusted for subsequent changes in rates of tax the effect of which is included in tax adjustments previous years. No provision has been made for the tax which would become payable if retained profits of subsidiaries 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.

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

General notes to the accounts

Ordinary shareholders' funds
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. A nominal dividend of ¼% was paid on this deferred stock and the above-mentioned subsidiaries have waived their rights to dividends on their ordinary shares.

The directors of N.V. Elma are **N.V.** and **Limited,** who with Mr. H. F. van den Hoven and Mr. D. A. Orr are also directors of United Holdings Limited.

Contingent liabilities
Contingent liabilities are not expected to give rise to any material loss and include guarantees, security issued and bills discounted as set out below.

A dispute with the German Tax Authorities gives rise to a contingent liability of Fl. 302 million representing the possible claim by the authorities for repayment of dividend tax. The appeal against the verdict in our favour by the Tax Court in Hamburg will be heard during 1975. A favourable decision was made by the Federal Tax Court in a comparable case in 1972 and an appeal lodged by the Tax authorities against the verdict in our favour by the Tax Court in Bremen has now been withdrawn. The companies' adviser remains of the opinion that the decision in the Hamburg case will be in the companies' favour.

Long-term commitments in respect of leaseholds, rental agreements, hire purchase and other contracts are mainly in respect of buildings and computers. The commitments are not material.

The Parent companies have given guarantees in respect of subsidiary companies' liabilities included in the consolidated accounts.

	Fl. million	
Other guarantees amount to:	1973	1974
N.V.	79	94
Limited	81	145
Combined	160	239

Security has been issued in respect of:

	1973	1974
Loan capital		
N.V.	158	176
Limited	240	219
Combined	398	395
Bank advances		
N.V.	42	35
Limited	93	40
Combined	135	75
Creditors		
N.V.	10	12
Limited	1	4
Combined	11	16

	1973	1974
Bills discounted at 31st December amount to:		
N.V.	138	126
Limited	17	20
Combined	155	146

General
The close company provisions of the United Kingdom Income and Corporation Taxes Act 1970 do not apply to **Limited.**

The Trustees of the Leverhulme Trust have waived their right to that proportion of the 1973 and 1974 dividends on the Trustees' holding of ordinary shares of **Limited** which would flow back to the Company.

Interests in land
N.V. and **Limited** have interests in land in Europe, North and South America, Africa, Asia and Australasia. Such interests are developed either as purpose-designed factories, warehouses and trading establishments with ancillary offices and laboratories or as plantations.

Substantially all the land and buildings are fully used in the business and their continued suitability for these purposes is kept under review. 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 in terms of Section 16 of the United Kingdom Companies Act 1967.

Accounts

Consolidated profit and loss accounts

for the year ended 31st December

Figures in italics represent deductions

Fl. million

1973 Limited	1973 N.V.	1973 Combined		1974 Combined	1974 N.V.	1974 Limited
12 437	16 760	29 197	**Sales to third parties**	34 471	20 070	14 401
11 530	*15 474*	*27 004*	Costs (a)	*32 362*	*18 926*	*13 436*
907	1 286	2 193	**Operating profit**	2 109	1 144	965
15	*28*	*43*	Non-recurring items (b)	—	9	*9*
17	21	38	Income from trade investments (c)	17	*11*	28
26	*3*	*29*	Interest (d)	*159*	*101*	*58*
883	1 276	2 159	**Profit before taxation**	1 967	1 041	926
442	*570*	*1 012*	Taxation on profit of the year (e)	*953*	*484*	*469*
23	—	*23*	Taxation adjustments previous years	*8*	5	*13*
418	706	1 124	**Profit after taxation**	1 006	562	444
20	*64*	*84*	Outside interests and preference dividends (f)	*91*	*49*	*42*
398	642	1 040	**Profit attributable to ordinary capital**	915	513	402
			Combined earnings per share (g)			
		Fl. 18.64	per Fl. 20 of capital	Fl. 16.43		
		43.02p	per 25p of capital	41.76p		
—	—	—	Extraordinary items less taxation and outside interests	—	—	—
398	642	1 040	**Profit after extraordinary items**	915	513	402
109	*215*	*324*	Dividends on ordinary and deferred capital	*348*	*232*	*116*
289	427	716	**Profit of the year retained**	567	281	286
			Movements in profit retained			
65	*91*	*156*	Goodwill on acquisition of new subsidiaries	*83*	*63*	*20*
101	*190*	*89*	Effect of exchange rate changes	*143*	*128*	*15*
386	—	*386*	Sterling/Guilder realignment	*246*	—	*246*
289	427	716	Profit of the year retained	567	281	286
52	73	125	of which added to fixed asset replacement reserve	166	96	70
61	146	85	Net additions to profit retained	95	90	5
2 728	3 274	6 002	Profit retained—1st January	6 087	3 420	2 667
2 667	3 420	6 087	—31st December	6 182	3 510	2 672

The notes on pages 31 to 34, 38 and 39 form part of these accounts.
The letters between brackets refer to notes on pages 38 and 39.

Consolidated balance sheets

as at 31st December

Figures in italics represent deductions

Fl. million

1973 Limited	1973 N.V.	1973 Combined		1974 Combined	1974 N.V.	1974 Limited
			Capital Employed			
33	265	298	**Preferential share capital** (h)	295	265	30
3 022	4 112	7 134	**Ordinary shareholders' equity**	7 196	4 202	2 994
549	640	1 189	Ordinary share capital (i)	1 189	640	549
2 667	3 420	6 087	Profit retained (j)	6 182	3 510	2 672
194	52	*142*	Other reserves (k)	*175*	52	*227*
78	166	244	**Outside interests in subsidiaries**	327	172	155
726	875	1 601	**Loan capital** (l)	2 120	1 471	649
543	723	1 266	**Deferred liabilities** (m)	1 421	799	622
32	*32*	—	Inter-Group—**N.V./Limited**	—	*35*	35
4 434	6 109	10 543		11 359	6 874	4 485

1973 Limited	1973 N.V.	1973 Combined		1974 Combined	1974 N.V.	1974 Limited
			Employment of Capital			
2 122	3 116	5 238	**Land, buildings and plant** (n)	5 577	3 346	2 231
91	124	215	**Trade investments** (o)	197	121	76
76	127	203	**Long-term debtors** (p)	291	117	174
2 226	2 348	4 574	**Working capital**	5 858	3 261	2 597
2 146	2 681	4 827	Stocks (q)	6 543	3 809	2 734
1 581	1 840	3 421	Debtors (r)	3 730	2 072	1 658
1 501	*2 173*	*3 674*	Creditors (s)	*4 415*	*2 620*	*1 795*
408	*393*	*801*	**Provision for taxation**	*635*	*271*	*364*
127	*130*	*257*	**Dividends**	*299*	*149*	*150*
454	917	1 371	**Net liquid funds**	370	449	*79*
234	257	491	Marketable securities (t)	344	161	183
551	939	1 490	Cash and deposits	1 209	976	233
331	*279*	*610*	Short-term borrowings	*1 183*	*688*	*495*
4 434	6 109	10 543		11 359	6 874	4 485

The notes on pages 31 to 34 and 40 to 43 form part of these accounts.
The letters between brackets refer to notes on pages 40 to 43.

Notes to the consolidated profit and loss accounts

Figures in italics represent deductions
Fl. million

Limited 1973	N.V. 1973	1973 Combined		1974 Combined	N.V. 1974	Limited 1974
11 530	*15 474*	*27 004*	**(a) Costs**	*32 362*	*18 926*	*13 436*
5 563	*8 540*	*14 103*	Raw materials and packaging	*17 761*	*11 099*	*6 662*
244	*409*	*653*	Depreciation	*662*	*423*	*239*
1 950	*3 293*	*5 243*	Remuneration of employees including social security contributions	*5 868*	*3 719*	*2 149*
4	*4*	*8*	Emoluments of Directors as managers including contributions to pension funds for superannuation	*9*	*5*	*4*
1	*1*	*2*	Superannuation of former Directors	*5*	*3*	*2*
44	*66*	*110*	Hire of plant and machinery	*126*	*71*	*55*
4	*5*	*9*	Auditors' remuneration	*11*	*6*	*5*
3 720	*3 156*	*6 876*	Other costs	*7 920*	*3 600*	*4 320*
15	*28*	*43*	**(b) Non-recurring items**	—	9	*9*
15	*25*	*40*	Provision for nationalisation of interests, war damage, disposal and closing of units	*20*	*1*	*19*
—	—	—	Other profits	32	22	10
—	*3*	*3*	Other losses	*12*	*12*	—
17	21	38	**(c) Income from trade investments**	17	*11*	28
8	2	10	Quoted shares	8	1	7
8	4	12	Unquoted shares	18	2	16
—	1	1	Interest on loans	3	2	1
1	14	15	Other profits/***losses*** including disposals	*12*	*16*	4
26	*3*	*29*	**(d) Interest**	*159*	*101*	*58*
46	*52*	*98*	Interest on loan capital	*130*	*83*	*47*
26	*58*	*84*	Interest paid on short-term borrowings	*186*	*130*	*56*
46	107	153	Interest received including change in market value of marketable securities	157	112	45
			Interest on loan capital includes:			
4	*13*	*17*	Interest on loans, the final repayment of which will be made within 5 years	*44*	*40*	*4*

Notes to the consolidated profit and loss accounts

Figures in italics represent deductions
Fl. million

1973 Limited	1973 N.V.	1973 Combined		1974 Combined	1974 N.V.	1974 Limited
			(e) Taxation on profit of the year			
442			for **Limited** is made up of:			*469*
353			U.K. corporation tax[1])			*334*
149			less: double tax relief			124
238			plus: non U.K. taxes			*259*

[1]) The U.K. corporation tax was based on the rate of 40% from 1st January 1973 to 31st March 1973 and 52% thereafter. The charge includes Fl. 94 million (1973: Fl. 48 million) transferred to Deferred taxation.

1973 Limited	1973 N.V.	1973 Combined		1974 Combined	1974 N.V.	1974 Limited
20	*64*	*84*	**(f) Outside interests and preference dividends**	*91*	*49*	*42*
18	*49*	*67*	Outside interests	*74*	*34*	*40*
2	*15*	*17*	Preference dividends	*17*	*15*	*2*

(g) Combined earnings per share
The calculation of earnings per share is based on the combined profit of the year attributable to ordinary capital divided by the combined number of share units representing the combined ordinary capital of **N.V.** and **Limited** of Fl. 1 189 million (as set out on page 40) less Fl. 75 million (1973: Fl. 74 million) being 74% (1973: 73%) of the ordinary capital held by the Leverhulme Trust on which the rights to dividends which would flow back to the Company, have been waived. For the calculation of combined ordinary capital the rate of exchange £1 = Fl. 12 has been used, in accordance with the Equalisation Agreement. The combined number of share units is therefore 55 719 248 (1973: 55 769 911) of Fl. 20 or alternatively, 371 461 654 (1973: 371 799 408) of 25 pence.

The calculations for 1973 and 1974 are therefore:

1973		1974
Fl. 1 040 million	Profit attributable to ordinary capital (see page 36)	Fl. 915 million
55 769 911	Divided by units of Fl. 20	55 719 248
Fl. 18.64	=	Fl. 16.43
159.9 million	Sterling equivalent	155.1 million
371 799 408	Divided by units of 25p	371 461 654
43.02p	=	41.76p

Notes to the consolidated balance sheets

Figures in italics represent deductions

Authorised 1973	Authorised 1974		Issued and fully paid 1973	Issued and fully paid 1974
		(h) Preferential share capital (Fl. million)	**298**	**295**
Fl. million		**Unilever N.V.**		Fl. million
75	75	7% Cumulative Preference — *Ranking pari passu*	29	29
200	200	6% Cumulative Preference — *Ranking pari passu*	161	161
75	75	4% Cumulative Preference — *Ranking pari passu*	75	75
350	350		**265**	**265**
£million		**Unilever Limited**[1]		£million
0.2	0.2	5% First Cumulative Preference	0.2	0.2
3.5	3.5	7% First Cumulative Preference	3.5	3.5
1.2	1.2	8% Second Cumulative Preference	1.2	1.2
0.2	0.2	20% Third Cumulative Preferred Ordinary	0.2	0.2
5.1	5.1		**5.1**	**5.1**
		Guilder equivalent (million)	**33**	**30**

[1]) The rates shown for the preferential capital of **Limited** are before the reduction which followed three-tenths the introduction of the imputation system of taxation in the United Kingdom in April 1973.

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

Authorised 1973	Authorised 1974		Issued and fully paid 1973	Issued and fully paid 1974
		(i) Ordinary share capital (Fl. million)	**1 189**	**1 189**
Fl. million		**Unilever N.V.**		Fl. million
1 002	1 002	Ordinary	**642**	**642**
		Internal holdings eliminated in consolidation	***2***	***2***
			640	**640**
£million		**Unilever Limited**		£million
136.2	136.2	Ordinary (in 25p shares)	**45.8**	**45.8**
0.1	0.1	Deferred	0.1	0.1
		Internal holdings eliminated in consolidation	***0.1***	***0.1***
			45.8	**45.8**
		Guilder equivalent (million)	**549**	**549**

Fl. million

1973 Limited	1973 N.V.	1973 Combined		1974 Combined	1974 N.V.	1974 Limited
217	310	527	**(j) Profit retained** includes cumulative fixed assets replacement reserve	673	406	267
194	52	*142*	**(k) Other reserves**	*175*	52	*227*
58	52	110	Premiums on capital issued	104	52	52
252	—	*252*	Adjustment on conversion of **N.V.**'s ordinary capital at £1 = Fl. 12	*279*	—	*279*

Notes to the consolidated balance sheets

Figures in italics represent deductions

1973		1974
1 601	**(I) Loan capital**	**2 120**
Fl. million		Fl. million
	Unilever N.V.	
270	6% Notes 1972/91	255
121	8% Notes 1975	121
—	10½% Notes 1979	100
—	9¾% Notes 1981 (D.Mk. 50 million)	52
52	6¾% Notes 1986 (Swiss Frs. 60 million)	57
443		**585**
	Subsidiaries	
103	Netherlands: 4½% Loans 1986/87	97
—	9¾% Debenture loans 1989	100
	Germany: 3%–6½% Mortgages on factory ships	
92	repayable period to 1989 (D.Mk. 93.2 million)	97
—	10⅞% Bank loan (D.Mk. 72.6 million)	76
50	U.S.A.: 4⅝% 20 year Notes 1973/82 (U.S. $16 million)	41
84	7 9/20% 25 year Notes 1982/1997 (U.S. $30 million)	76
—	Curaçao: 7¾% Notes 1979 (Swiss Frs. 100 million)	96
—	8¾% Notes 1979 (Swiss Frs. 100 million)	96
103	Others	207
875		**1 471**
£million		£million
	Unilever Limited	
6.8	3¾% Debenture stock 1955/75 *Ranking*	6.7
9.5	4% Debenture stock 1960/80 *pari*	9.4
11.1	6¾% Debenture stock 1985/88 *passu*	11.0
2.2	5½% Unsecured loan stock 1991/2006 *Ranking*	2.2
54.7	7¾% Unsecured loan stock 1991/2006 *pari passu*	54.7
—	Others	0.2
84.3		**84.2**
	Subsidiaries	
3.4	Canada: 6% Debenture Series A 1985 (Can. $7.4 million)	3.2
8.6	8⅞% Debenture Series B 1993 (Can. $20 million)	8.6
3.9	Australia: 7¾% Debentures 1982/87 (Aust. $6 million)	3.4
11.5	Others	10.5
111.7		**109.9**
726	Guilder equivalent (million)	**649**

The three issues of debenture stock of **Limited** are secured by a floating charge on the assets of the Company. During the year £25 000 of the 3¾% stock, £192 000 of the 4% stock and £174 000 of the 6¾% stock were purchased by the Company.

Fl. million

1973 Limited	1973 N.V.	1973 Combined		1974 Combined	1974 N.V.	1974 Limited
			The repayments fall due as follows:			
14	46	60	Within 1 year	227	177	50
70	328	398	After 1 year but within 5 years	689	661	28
102	199	301	After 5 years but within 10 years	397	309	88
161	255	416	After 10 years but within 20 years	423	285	138
379	47	426	After 20 years	384	39	345
643	697	1 340	Loans on which the final repayment will be made after 5 years amount to	1 418	835	583

Notes to the consolidated balance sheets

Figures in italics represent deductions
Fl. million

1973 Limited	1973 N.V.	1973 Combined		1974 Combined	1974 N.V.	1974 Limited
543	**723**	**1 266**	**(m) Deferred liabilities**	**1 421**	**799**	**622**
246	402	648	Unfunded retirement benefits	673	432	241
176	247	423	Taxation not due before 1st January, 1976	487	245	242
70	—	*70*	Advance corporation tax—United Kingdom	*139*	—	*139*
191	74	265	Deferred taxation	400	122	278
2 122	**3 116**	**5 238**	**(n) Land, buildings and plant**	**5 577**	**3 346**	**2 231**
752	1 206	1 958	Land and buildings—freehold	2 063	1 306	757
197	17	214	—leasehold—long-term (50 years or over)	238	12	226
69	30	99	—leasehold—short-term	91	25	66
952	1 625	2 577	Plant and equipment	2 759	1 766	993
152	238	390	Ships and motor vehicles	426	237	189
4 152	6 415	10 567	**Cost**—31st December	10 962	6 768	4 194
4 328	6 250	10 578	1st January	10 567	6 415	4 152
612	—	*612*	Sterling/Guilder realignment	*383*	—	*383*
170	*197*	*27*	Exchange rate changes	*204*	*200*	*4*
349	625	974	Expenditure	1 309	754	555
54	*33*	*87*	Proceeds of disposals	*86*	*42*	*44*
88	113	201	New subsidiaries	62	19	43
117	*343*	*460*	Other adjustments	*303*	*178*	*125*
2 030	3 299	5 329	**Depreciation**—31st December	5 385	3 422	1 963
2 071	3 220	5 291	1st January	5 329	3 299	2 030
293	—	*293*	Sterling/Guilder realignment	*187*	—	*187*
100	*94*	6	Exchange rate changes	*94*	*95*	1
26	36	62	New subsidiaries	14	6	8
118	*272*	*390*	Other adjustments	*339*	*211*	*128*
244	409	653	Charged to profit and loss accounts	662	423	239
349	**625**	**974**	**Expenditure**	**1 309**	**754**	**555**
68	109	177	Land and buildings	317	159	158
219	408	627	Plant and equipment	795	502	293
62	108	170	Ships and motor vehicles	197	93	104

At 31st December, 1974 capital expenditure authorised by the Boards and still not spent was: **N.V.** Fl. 539 (1973: Fl. 577), **Limited** Fl. 398 (1973: Fl. 326). Of these amounts commitments had been entered into for **N.V.** Fl. 196 (1973: Fl. 162), **Limited** Fl. 203 (1973: Fl. 105).

Notes to the consolidated balance sheets

Figures in italics represent deductions

Fl. million

1973 Limited	1973 N.V.	1973 Combined		1974 Combined	1974 N.V.	1974 Limited
91	**124**	**215**	**(o) Trade investments**	**197**	**121**	**76**
38	42	80	Quoted shares	64	42	22
38	48	86	Unquoted shares	83	46	37
15	34	49	Loans	50	33	17
31	9	40	Movements during the year:	*18*	*3*	*15*
39	30	69	Additions	32	22	10
8	*21*	*29*	Disposals and other adjustments	*50*	*25*	*25*
			Attributable share of:			
178	173	351	Net assets	339	167	172
21	7	28	Net profits after tax	25	3	22
72	50	122	Market value of quoted shares	110	42	68
74	56	130	Directors' valuation of unquoted shares—on the basis of the book value of underlying net assets	110	45	65

(p) Long-term debtors are debtors not due for repayment within one year, less provisions.

1973 Limited	1973 N.V.	1973 Combined		1974 Combined	1974 N.V.	1974 Limited
2 146	**2 681**	**4 827**	**(q) Stocks**	**6 543**	**3 809**	**2 734**
942	1 642	2 584	Raw materials and stocks in process	3 630	2 411	1 219
550	973	1 523	Finished products	1 978	1 285	693
654	66	720	Merchandise and other stocks	935	113	822
1 581	**1 840**	**3 421**	**(r) Debtors**	**3 730**	**2 072**	**1 658**
1 241	1 258	2 499	Trade	2 801	1 468	1 333
340	582	922	Other	929	604	325
1 501	***2 173***	***3 674***	**(s) Creditors**	***4 415***	***2 620***	***1 795***
973	*1 123*	*2 096*	Debts to suppliers	*2 620*	*1 416*	*1 204*
28	*28*	*56*	Short-term portion of unfunded retirement benefits	*77*	*44*	*33*
500	*1 022*	*1 522*	Other	*1 718*	*1 160*	*558*
234	**257**	**491**	**(t) Marketable securities**	**344**	**161**	**183**
194	158	352	Quoted—at market value	274	101	173
40	99	139	Unquoted	70	60	10

Unilever N.V. balance sheet

as at 31st December

Figures in italics represent deductions

Fl. 000's

1973				1974
		Capital employed		
265 060		**Preferential share capital** (h)		265 060
		Ordinary capital and reserves		
	642 565	Ordinary share capital (i)	642 565	
	52 166	Premiums on capital issued[1]	52 166	
	1 110 474	Profits retained	1 333 162	
1 805 205				2 027 893
442 762		**Loan capital** (l)		585 180
33 377		**Deferred liabilities**		24 411
5 269		Inter-Group—**Limited**		*19 523*
2 541 135				2 883 021

1973				1974
		Employment of capital		
		Interests in subsidiaries		
	304 606	Shares	304 631	
	2 234 531	Advances	2 363 498	
	124 988	Deposits	*118 017*	
2 414 149				2 550 112
202		**Long-term debtors**		203
		Working capital		
	24 914	Debtors	48 472	
	81 939	Creditors	*88 054*	
57 025				*39 582*
3 794		**Provision for taxation**		*13 121*
129 542		**Dividends due or proposed**		*148 105*
		Net liquid funds		
	86 773	Marketable securities	64 666	
	230 372	Cash and deposits	468 848	
317 145				533 514
2 541 135				2 883 021

The Board of Directors.

[1]) 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.

The notes on pages 31 to 43, 45 and 50 to 52 form part of these accounts.
The letters between brackets refer to notes on pages 40 and 41.

Unilever N.V.—Notes

Figures in italics represent deductions
Fl. 000's

1973		1974
	Profits retained	
863 866	1st January	1 110 474
9 219	Revaluation of advances to subsidiaries	—
237 389	Profit of the year retained	222 688
	of which:	
	Fixed assets replacement reserve	
73 000	(on behalf of subsidiaries)	96 000
1 110 474	31st December	1 333 162
	of which:	
310 000	Fixed assets replacement reserve	406 000

Loan capital includes an amount of Fl. 135 million which has to be repaid in 1975.

Deferred liabilities represents provision for deferred taxation.

Interests in subsidiaries
Shares in subsidiaries are stated at cost. Profits retained and the 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.

1973		1974
	Debtors include:	
140	Trade debtors	1
2 978	Payments in advance	3 363
	Creditors include:	
5 868	Debts to suppliers	*7 939*
	Marketable securities	
86 773	Quoted stocks	64 666
	Profit and loss account	
466 858	Profit of the year	469 442
	Proposed profit appropriation	
	in accordance with art. 41 of the Articles of Association	
466 858	Profit of the year	469 442
14 694	Preference dividends	*14 694*
	Profit at disposal of the annual general meeting	
452 164	of shareholders	454 748
214 775	Ordinary dividends	*232 060*
237 389	Profit of the year retained	222 688

Unilever Limited balance sheet

as at 31st December

Figures in italics represent deductions
£million

1973				1974
		Capital employed		
5.1		**Preferential share capital** (h)		5.1
		Ordinary and deferred capital and reserves		
	45.8	Ordinary share capital (i)	45.8	
	0.1	Deferred capital (i)	0.1	
	8.8	Premiums on capital issued	8.8	
	197.1	Profits retained and other reserves	212.7	
251.8				267.4
84.3		**Loan capital** (l)		84.2
2.6		**Deferred liabilities**		*11.0*
5.7		Inter-Group—**N.V.**		6.0
349.5				351.7
		Employment of capital		
12.4		**Land, buildings and plant**		19.3
4.3		**Trade investments**		2.3
		Interests in subsidiaries		
	193.7	Shares	209.2	
	239.0	Advances	259.1	
	101.1	Deposits	*109.0*	
331.6				359.3
		Working capital		
	—	Stocks	3.2	
	8.2	Debtors	9.6	
	9.7	Creditors	*14.7*	
1.5				*1.9*
10.7		**Provision for taxation**		*15.1*
19.2		**Dividends due or proposed**		*25.3*
		Net liquid funds		
	28.3	Marketable securities	29.1	
	4.3	Cash and deposits	2.4	
	—	Short-term borrowings	*18.4*	
32.6				13.1
349.5				351.7

D. A. ORR, Chairman
G. D. A. KLIJNSTRA, Vice-Chairman

The notes on pages 32 to 34, 40, 41 and 47 to 49 form part of these accounts.
The letters between brackets refer to notes on pages 40 and 41.

Unilever Limited—Notes

Figures in italics represent deductions
£million

1973	1973		1974	1974
		Profits retained and other reserves		
187.5		1st January		197.1
	26.5	Profit of the year	34.5	
	0.2	Bonus shares from subsidiaries	1.2	
	0.3	Preferential dividends	*0.3*	
	16.8	Dividends on ordinary and deferred capital	*19.8*	
9.6		Profit of the year retained		15.6
		of which:		
		Fixed assets replacement reserve		
8.0		(on behalf of subsidiaries)		11.8
197.1		31st December		**212.7**
		of which:		
33.4		Fixed assets replacement reserve		45.2

1973	1973		1974	1974
		Deferred liabilities:		
	4.8	Unfunded retirement benefits	4.7	
	4.5	U.K. corporation tax	2.3	
	9.9	Advance corporation tax	*22.2*	
	3.2	Deferred taxation	4.2	
2.6				***11.0***

The advance corporation tax borne by the parent company will be surrendered and set off against liabilities of the subsidiary companies.

1973	1973		1974	1974
		Land, buildings and plant:		
	6.9	Land and buildings—freehold	6.9	
		—leasehold—long-term		
	0.5	(50 years or over)	5.8	
	0.1	—leasehold—short-term	0.1	
	4.9	Plant and equipment	6.5	
12.4				**19.3**

	Cost	Depreciation
Movements during the year:		
1st January, 1974	22.5	*10.0*
Expenditure	8.4	—
Proceeds of disposals	*0.1*	—
Other adjustments	*0.5*	0.4
Charged to profit and loss account	—	*1.4*
31st December, 1974	30.3	*11.0*

At 31st December, 1974 capital expenditure authorised by the Board and still not spent was £5.7 (1973: £6.4). Of this amount commitments had been entered into for £3.6 (1973: £1.0).

Unilever Limited—Notes

Figures in italics represent deductions
£million

1973		1974
	Trade investments at net book value at 31st December, 1947 with additions at cost or valuation less £0.9 written off:	
3.4	Quoted shares	1.2
0.8	Unquoted shares	0.8
0.1	Loans	0.3
4.3		**2.3**
3.4	Market value of quoted shares	1.5
1.4	Directors' valuation of unquoted shares—on the basis of the book value of underlying net assets	1.2

Interests in subsidiaries
Shares in subsidiaries are stated at Directors' valuation made on the re-arrangement of the Unilever Groups in 1937, with bonus shares at par and other additions at cost or valuation, less amounts written off.
Profits retained and the 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.

1973		1974
	Dividends due or proposed	
	Payable January/May 1975	15.2
	Deferred instalment Final dividend 1974	10.1
		25.3
	Marketable securities	
28.3	Quoted—at market value	29.1
	Profit of the year is after charging	
0.03	Auditors' remuneration	0.04

Unilever Limited—Notes

Emoluments of Directors and senior employees
The adjoining table shows the numbers of Directors of the Company (excluding the Chairmen) and the numbers of employees (including Chairmen and Directors of wholly owned subsidiary companies) employed wholly or mainly in the United Kingdom and receiving emoluments in excess of £10 000, whose emoluments fell within the ranges shown.

For many years Unilever 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. During 1974 similar awards were introduced for employees in the United Kingdom and, since the recipients in 1974 included those who had previously completed 25 years' service, the number of recipients was greater than it will be in subsequent years. Without these awards the number of employees included in the table for 1974 would have been 356 and the highest emoluments dealt with would not have exceeded £30 000.

The awards are not made to Directors of the Company.

During 1974 there were 12 Directors who served for only part of the year (1973: none). As chairman of **Limited**, Sir Ernest Woodroofe received emoluments of £8 375 in 1974 (1973: £50 063). Mr. D. A. Orr received emoluments of £50 105 in 1974, of which £34 938 (1973: nil) was attributable to his period of service as Chairman.

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.

Directors 1973	Directors 1974		Senior employees 1973	Senior employees 1974
–	5	£2 501– £5 000	–	–
4	–	£5 001– £7 500	–	–
–	5	£7 501–£10 000	–	–
1	–	£10 001–£12 500	119	180
–	3	£12 501–£15 000	63	103
2	2	£15 001–£17 500	20	60
2	–	£17 501–£20 000	13	28
2	2	£20 001–£22 500	9	19
4	1	£22 501–£25 000	3	10
2	4	£25 001–£27 500	1	3
1	2	£27 501–£30 000	–	1
1	–	£30 001–£32 500	–	1
–	1	£32 501–£35 000	–	4
–	–	£35 001–£37 500	–	2
1	–	£37 501–£40 000	–	2
1	2	£40 001–£42 500	–	1
21	27		228	414

Effect of United Kingdom taxation on emoluments
The foregoing table deals with gross emoluments before taxation. The table adjoining gives examples of the amounts which would actually have been received, after United Kingdom taxation at the rates in force for 1974, by a married man with two dependent children, no other source of income, and no deductions other than an 8% contribution to a Unilever retirement scheme:

Gross emoluments	Retirement contributions	Tax	Amount received
5 000	400	1 050	3 550
10 000	800	3 000	6 200
12 500	1 000	4 330	7 170
15 000	1 200	5 795	8 005
17 500	1 400	7 360	8 740
20 000	1 600	9 025	9 375
22 500	1 800	10 705	9 995
25 000	2 000	12 545	10 455
27 500	2 200	14 450	10 850
30 000	2 400	16 360	11 240
32 500	2 600	18 270	11 630
35 000	2 800	20 180	12 020
37 500	3 000	22 085	12 415
40 000	3 200	23 995	12 805
42 500	3 400	25 905	13 195
45 000	3 600	27 815	13 585
47 500	3 800	29 720	13 980
50 000	4 000	31 640	14 360

Principal subsidiaries

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

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.

Limited's principal subsidiaries are held directly with the exception of Commercial Plastics, Mattessons Meats, Synthetic Resins and Vinyl Products in the United Kingdom, Monarch Fine Foods, Shopsy's Foods and A & W Food Services in Canada and the interests in Africa [except Pamol (Cameroons)], Australasia, France, Malaysia and Sri Lanka.

E.E.C. Countries

Belgium—N.V. group

	% of equity held
Hartog's Levensmiddelen N.V., Brussels	
Iglo-Ola N.V., Brussels	
N.V. Jacky, Antwerp	
Lever N.V., Brussels	
Union N.V., Merksem-Antwerp	
N.V. Zwanenberg's Levensmiddelenbedrijf 'Zwan', Schoten	

Denmark—N.V. group

	% of equity held
Uni-Dan A/S, Copenhagen	

Germany—N.V. group

	% of equity held
Bensdorp G.m.b.H., Cleves	
Deutsche Unilever G.m.b.H., Hamburg	
Schiffahrts- und Speditionskontor 'Elbe' G.m.b.H., Hamburg	
Elida-Gibbs G.m.b.H., Hamburg	
4P Folie Forchheim G.m.b.H., Forchheim (Preferential capital held 100%)	
4P Papier Günzach G.m.b.H., Günzach	
Langnese-Iglo G.m.b.H., Hamburg	75
Lever Sunlicht G.m.b.H., Hamburg	
Meistermarken-Werke G.m.b.H., Spezialfabrik für Back- und Grossküchenbedarf, Bremen	
4P Nicolaus Kempten G.m.b.H., Kempten	
4P Nicolaus Ronsberg G.m.b.H., Ronsberg	
'Nordsee' Deutsche Hochseefischerei G.m.b.H., Bremerhaven	68
(Preference capital held 68%)	
4P Rube Göttingen G.m.b.H., Göttingen	
Scado G.m.b.H., Emslage	
Schafft-Fleischwerke G.m.b.H., Ansbach	
'Unichema' Chemie-Gesellschaft m.b.H., Hamburg	
Union Deutsche Lebensmittelwerke G.m.b.H., Hamburg	

France—N.V. group

	% of equity held
Astra-Calvé S.A., Courbevoie	99
Bertrand Frères S.A., Grasse	99
Compagnie Française de Nutrition Animale S.A., Tours	99
4P Emballages France S.A., Allonne	99
La Roche aux Fées S.A., Nantes	98
Etablissements Rousset S.A., Vénissieux	94
Société Autonome de Transports et de Magasinage S.A., Paris	99
Savonneries Lever S.A., Paris	99
Société des Thés de l'Eléphant S.A., Marseille	98
Sheby S.A., Bezons	94
Thibaud Gibbs et Cie S.A., Paris	99
Unilever Export France S.A., Courbevoie	99
Union Générale des Glycérines, Paris	79

—Limited group

	% of equity held
Compagnie du Niger Français S.A., Paris	81
Fragep S.A., Paris	85

Republic of Ireland—Limited group

	% of equity held
Lever Brothers (Ireland) Ltd., Dublin	
W. & C. McDonnell Ltd., Dublin	
Paul and Vincent Ltd., Dublin	
HB Ice Cream Ltd., Dublin	

Italy—N.V. group

	% of equity held
Algel S.p.A., Cisterna	75
Sages S.p.A., Milan	75
Unil-It S.p.A., Milan	

The Netherlands—N.V. group

	% of equity held
African and Eastern Trading Company Holland B.V., Rotterdam	
Bensdorp B.V., Bussum	
Van den Bergh en Jurgens B.V., Rotterdam	
Koninklijke Maatschappij De Betuwe B.V., Tiel	
Binfürst Autotransport B.V., Rotterdam	
Calvé-De Betuwe B.V., Delft	
Croklaan B.V., Wormerveer	
4P Drukkerij Reclame B.V., Rotterdam	
H. Hartog's Fabrieken B.V., Oss	
Iglo B.V., Utrecht	
Lever's Zeep-Maatschappij B.V., Rotterdam	
'Lipoma', Maatschappij tot Beheer van Aandeelen in Industrieele Ondernemingen B.V., Rotterdam	
Lucas Aardenburg B.V., Hoogeveen	
'Marga', Maatschappij tot Beheer van Aandeelen in Industrieele Ondernemingen B.V., Rotterdam	
Handelmaatschappij Marko B.V., Rotterdam	
Mavibel (Maatschappij voor Internationale Beleggingen) B.V., Rotterdam	
Mengvoeder UT-Delfia B.V., Maarssen	
Nederlandse Unilever Bedrijven B.V., Rotterdam (Preference capital held 99%)	
E. Noack's Koninklijke Fijne Vleeswaren- en Conservenfabrieken B.V., Amersfoort	
Handelmaatschappij Noorda B.V., Rotterdam	
Norfolk Line B.V., 's-Gravenhage	
Bakhuis' Vleeswaren- en Conservenfabrieken Olba B.V., Olst	
[1]) Pensioenverzekeringmaatschappij 'Progress' N.V., Rotterdam	91
Safial B.V., Rotterdam	75
'Saponia', Maatschappij tot Beheer van Aandeelen in Industrieele Ondernemingen B.V., Rotterdam	
Scado B.V., Zwolle	
Sheby-Kemi B.V., Wormerveer	
U. Twijnstra's Oliefabrieken B.V., Akkrum	
Exportslachterij Udema B.V., Gieten	
Unilever-Emery N.V., Gouda	50
(Preference capital held 50%)	
Unilever Export B.V., Rotterdam	
Unilever Grondstoffen Maatschappij B.V., Rotterdam	
Unimills B.V., Zwijndrecht	
Unox B.V., Oss	
Verenigde Zeepfabrieken B.V., Rotterdam	
Viruly B.V., Maarssen	
'Wemado', Maatschappij tot Beheer van Aandeelen in Industrieele Ondernemingen B.V., Rotterdam	
Zwanenberg's Fabrieken B.V., Oss	

United Kingdom—Limited group

	% of equity held
Associated Feed Manufacturers Ltd., Belfast	
Austin Packaging Group Ltd., Bromborough	
Batchelors Foods Ltd., Sheffield	
Birds Eye Foods Ltd., Walton-on-Thames	
BOCM Silcock Ltd., Basingstoke	
Chemical and Industrial Investment Company Ltd., Wallsend	
Clynol Ltd., High Wycombe	
Commercial Plastics Industries Ltd., Wallsend	
C.W.A. Holdings Ltd., London	
Joseph Crosfield & Sons Ltd., Warrington	
Elida Gibbs Ltd., London	
Food Industries Ltd., Bromborough	
Ford & Slater Holdings Ltd., Leicester	
Kennedy's (Builders' Merchants) Ltd., Bournemouth	
Lawson of Dyce Ltd., Aberdeen	
Lever Brothers Ltd., Kingston-upon-Thames	
Leverton Group Ltd., Windsor	
Lipton Ltd., London	
Mac Fisheries Ltd., Bracknell	
Robert B. Massey & Co. Ltd., York	
Mattessons Meats Ltd., London	

[1]) Pensioenverzekeringmaatschappij 'Progress' N.V. is not consolidated. It publishes separate accounts.

	% of equity held
Midland Poultry Holdings Ltd., Craven Arms	
Palm Line Ltd., London	
Price's Chemicals Ltd., Bromborough	
Proprietary Perfumes Ltd., Ashford	
Richmond Sausage Company Ltd., Liverpool	
S.P.D. Ltd., Watford	
Synthetic Resins Ltd., Liverpool	
Thames Board Mills Ltd., Purfleet	
Thames Case Ltd., Purfleet	
Unilever Export Ltd., London	
Unilever (Commonwealth Holdings) Ltd., London	
UML Ltd., Port Sunlight	
UAC International Limited, London	
Van den Berghs and Jurgens Ltd., Burgess Hill	
Vinyl Products Ltd., Carshalton	
T. Wall & Sons Ltd., London	
John West Foods Ltd., Liverpool	

Other European Countries

Finland—N.V. group	
Gibbs Oy, Turku	
Lumivalko Oy, Turku	
S.W. Paasivaara-Yhtymä Oy, Helsinki	
Turun Saippua Oy, Åbo	

Greece—N.V. group	
Industrie Hellénique de Détergents S.A. (E.V.A.), Athens	85
Lever Hellas A.E., Athens	85

Austria—N.V. group	
Allpack Verpackungen Gesellschaft m.b.H., Vienna	
'Apollo' Seifen und Waschmittel G.m.b.H., Vienna	
Bensdorp G.m.b.H., Vienna	
Elida Gibbs Gesellschaft m.b.H., Vienna	
Eskimo-Iglo G.m.b.H., Vienna	75
'Kunerol' Nahrungsmittel G.m.b.H., Vienna	
Österreichische Unilever G.m.b.H., Vienna	
Unichema Vertriebsgesellschaft m.b.H., Vienna	

Portugal—N.V. group	
Iglo Indústrias de Gelados, Lda., Lisbon	74
Indústrias Lever Portuguesa, Lda., Sacavem	60

Spain—N.V. group	
Agra S.A., Lamiacó	
Frigo S.A., Barcelona	94
Lever Ibérica S.A., Madrid	

Sweden—N.V. group	% of equity held
AB Centrava, Stockholm	
AB Liva Fabriker, Lidingö	
Novia Livsmedelsindustrier AB, Stockholm	
Scado AB, Landskrona	
AB Sunlight, Nyköping	
AB Vandenberghs Margarin, Lidingö	

Switzerland—N.V. group	
'Astra', Fett- und Oelwerke A.G., Steffisburg	87
Elida Cosmetic A.G., Zürich	
Lipton S.A., Crissier	
Sais A.G., Zürich	
Sunlight A.G., Olten	
Unilever (Schweiz) A.G., Zürich	

United States and Canada

Canada—N.V. group	
Thomas J. Lipton Ltd., Toronto	99
—Limited group	
Lever Brothers Ltd., Toronto	
Monarch Fine Foods Co. Ltd., Toronto	
Shopsy's Foods Ltd., Weston	
A & W Food Services of Canada Ltd., Toronto	

United States of America—N.V. group	
Lever Brothers Company, Portland	
Thomas J. Lipton Inc., Dover	99

Central and South America

Argentina—N.V. group	
Lever y Asociados Sociedad Anonima Comercial Industrial y Financiera, Buenos Aires	99

Brazil—N.V. group	
Industrias Gessy Lever S.A., São Paulo	99

Colombia—N.V. group	
Compañia Colombiana de Grasas 'Cogra' S.A., Bogotá	
Productos Lever S.A., Bogotá	

Netherlands Antilles—N.V. group	
Mavibel International N.V., Willemstad	
Unilever Becumij N.V., Willemstad	

Trinidad—Limited group	
Lever Brothers West Indies Ltd., Port of Spain	75

Venezuela—N.V. group	
Lever S.A., Caracas	

Africa

Gabon—Limited group	
Hatton et Cookson S.A., Libreville	99

Ghana—Limited group	% of equity held
Kingsway Stores of Ghana Ltd., Accra	89
Lever Brothers Ghana Ltd., Accra	51
The United Africa Company of Ghana Ltd., Accra	

Ivory Coast—Limited group	
CFCI S.A., Abidjan	99

United Republic of Cameroons —Limited group	
Pamol (Cameroons) Ltd., London	
Plantations Pamol du Cameroun Ltd., Lobe	

Kenya—Limited group	
East Africa Industries Ltd., Nairobi	54
Gailey & Roberts Ltd., Nairobi	

People's Republic of the Congo (Brazzaville) —Limited group	
Société Commerciale du Kouilou Niari-Congo S.A., Brazzaville	96

Malawi—Limited group	
Lever Brothers (Malawi) Ltd., Limbe	

Nigeria—Limited group	
Lever Brothers Nigeria Ltd., Apapa	60
Norspin Ltd., Lagos	63
Pamol (Nigeria) Ltd., Lagos	
UAC of Nigeria Ltd., Lagos	60

Uganda—Limited group	
Gailey & Roberts (Uganda) Ltd., Kampala	

Rhodesia—Limited group	
Lever Brothers (Private) Ltd., Salisbury	

Sierra Leone—Limited group	
The United Africa Company of Sierra Leone Ltd., Freetown	

Tanzania—Limited group	
The United Africa Company of Tanzania Ltd., Dar es Salaam	

Republic of Zaïre—N.V. group	
Plantations Lever au Zaire s.a.r.l., Kinshasa	98
Compagnie des Margarines, Savons et Cosmétiques au Zaire s.a.r.l., Kinshasa	
—Limited group	
Sedec s.a.r.l., Kinshasa	99

Zambia—Limited group	
K. B. Davies & Co. (Zambia) Ltd., Chingola	

South Africa—Limited group	
Hudson & Knight (Pty.) Ltd., Durban	
Lever Brothers (Pty.) Ltd., Durban	
Lever's Stock Feeds (Pty.) Ltd., Durban	
Unilever South Africa (Pty.) Ltd., Durban	

	% of equity held
Van den Bergh and Jurgens (Pty.) Ltd., Durban	
T. Wall & Sons (Pty.) Ltd., Durban	

Asia, Australia, New Zealand

	% of equity held
Australia—Limited group	
Rosella Foods Pty. Ltd., Richmond	
Streets Ice Cream Pty. Ltd., Sydney	
Unilever Australia Pty. Ltd., Sydney	
Philippines—N.V. group	
Philippine Refining Company Inc., Manila	
India—Limited group	
Hindustan Lever Ltd., Bombay	85
Indonesia—N.V. group	
Van den Bergh's Fabrieken Indonesia N.V., Jakarta	
Maatschappij ter Exploitatie der Colibri-fabrieken N.V., Jakarta	
Lever's Zeepfabrieken Indonesia N.V., Jakarta	
Japan—N.V. group	
Hohnen-Lever Company Ltd., Tokyo	79
Malaysia—Limited group	
Lever Brothers (Malaysia) Sdn. Bhd., Kuala Lumpur	
Pamol (Malaya) Sdn. Bhd., Kuala Lumpur	
Pamol (Sabah) Ltd., London	
New Zealand—Limited group	
Lever Brothers (New Zealand) Ltd., Petone	
Unilever New Zealand Ltd., Petone	
Pakistan—Limited group	
Lever Brothers Pakistan Ltd., Karachi	70
Sri Lanka—Limited group	
Lever Brothers (Ceylon) Ltd., Colombo	
Thailand—N.V. group	
Lever Brothers (Thailand) Ltd., Bangkok	
Turkey—N.V. group	
Unilever-Is Ticaret ve Sanayi Türk Limited Sirketi, Istanbul	80

Principal trade investments

	% of equity held
Germany—N.V. group	
Fritz Homann G.m.b.H.	50
The Netherlands—N.V. group	
Gamma Holding N.V.	43
United Kingdom—Limited group	
Ellis & Everard Ltd.	32
Nigeria—Limited group	
Guinness (Nigeria) Ltd.	22
Nigerian Breweries Ltd.	22

Salient figures in guilders and other currencies

1974 above 1973

Rates of exchange: one unit = Fl.	Dutch Guilders	Sterling Pounds	Belgian Francs	German Marks	French Francs	Austrian Schillings	U.S. Dollars	Swiss Francs
Million		**5.90** 6.50	**0.0689** 0.0689	**1.0420** 1.0420	**0.5627** 0.6041	**0.1463** 0.1424	**2.5400** 2.8000	**0.9900** 0.8718
Sales to third parties	**34 471** 29 197	**5 843** 4 492	**500 296** 423 765	**33 069** 28 029	**61 288** 48 332	**235 629** 205 055	**13 555** 10 421	**34 821** 33 510
Operating profit	**2 109** 2 193	**357** 338	**30 609** 31 831	**2 023** 2 105	**3 750** 3 630	**14 416** 15 402	**829** 783	**2 130** 2 517
Taxation on profit of the year	***953*** *1 012*	***162*** *156*	***13 831*** *14 691*	***914*** *972*	***1 694*** *1 676*	***6 514*** *7 109*	***375*** *361*	***963*** *1 162*
Profit of the year attributable to ordinary capital before extraordinary items	**915** 1 040	**155** 160	**13 284** 15 094	**878** 998	**1 627** 1 722	**6 256** 7 304	**360** 371	**925** 1 194
Ordinary dividends	***348*** *324*	***59*** *50*	***5 058*** *4 704*	***334*** *311*	***620*** *537*	***2 382*** *2 276*	***137*** *116*	***352*** *372*
Capital employed	**11 359** 10 543	**1 925** 1 622	**164 865** 153 019	**10 897** 10 121	**20 197** 17 453	**77 648** 74 044	**4 467** 3 763	**11 475** 12 100
Ordinary shareholders' equity	**7 196** 7 134	**1 220** 1 097	**104 435** 103 545	**6 903** 6 849	**12 794** 11 810	**49 187** 50 104	**2 830** 2 546	**7 269** 8 188
Loan capital	**2 120** 1 601	**359** 246	**30 768** 23 237	**2 034** 1 537	**3 769** 2 650	**14 491** 11 244	**834** 571	**2 142** 1 837
Capital expenditure	**1 309** 974	**222** 150	**19 003** 14 139	**1 256** 935	**2 328** 1 613	**8 950** 6 842	**515** 348	**1 323** 1 118
Depreciation	**662** 653	**112** 100	**9 609** 9 484	**635** 627	**1 177** 1 082	**4 526** 4 589	**260** 233	**669** 750
	In units of currency							
Shareholders' equity								
Per Fl. 20 of capital	**129.14** 127.92	**2 188.85p** 1 968.04p	**1 874.34** 1 856.64	**123.94** 122.77	**229.50** 211.76	**882.72** 898.33	**50.84** 45.69	**130.45** 146.73
Per 25p of capital	**19.37** 19.19	**328.33p** 295.21p	**281.15** 278.50	**18.59** 18.41	**34.43** 31.76	**132.41** 134.75	**7.63** 6.85	**19.57** 22.01
Earnings[1]								
Per Fl. 20 of capital	**16.43** 18.64	**278.41p** 286.80p	**238.41** 270.57	**15.76** 17.89	**29.19** 30.86	**112.28** 130.91	**6.47** 6.66	**16.59** 21.38
Per 25p of capital	**2.46** 2.80	**41.76p** 43.02p	**35.76** 40.59	**2.36** 2.68	**4.38** 4.63	**16.84** 19.64	**0.97** 1.00	**2.49** 3.21
Dividends[2]								
Per Fl. 20 of capital	**7.25** 6.71	**122.88p** 103.23p	**105.22** 97.39	**6.96** 6.44	**12.88** 11.11	**49.56** 47.12	**2.85** 2.40	**7.32** 7.70
Per 25p of capital	**0.74** 0.69	**12.48p** 10.63p	**10.69** 10.03	**0.71** 0.66	**1.31** 1.14	**5.03** 4.85	**0.29** 0.25	**0.74** 0.79

[1]) See note (g) on page 39.

[2]) See notes on pages 28 and 54.

Rates of exchange quoted above have been used to convert figures in this table. The change in rates between 1973 and 1974 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.

Financial review 1964–1974

Fl. million	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974
Results											
Sales to third parties	17 115	18 464	19 189	19 714	20 032	21 829	24 917	26 483	26 832	29 197	34 471
Costs	*15 895*	*17 274*	*17 966*	*18 303*	*18 538*	*20 386*	*23 484*	*24 766*	*24 884*	*27 004*	*32 362*
Operating profit	1 220	1 190	1 223	1 411	1 494	1 443	1 433	1 717	1 948	2 193	2 109
Non-recurring and financial items	11	*29*	*50*	*71*	*14*	*29*	*126*	*81*	*112*	*34*	*142*
Profit before taxation	1 231	1 161	1 173	1 340	1 480	1 414	1 307	1 636	1 836	2 159	1 967
Taxation	*571*	*511*	*541*	*641*	*716*	*672*	*633*	*771*	*793*	*1 035*	*961*
Profit after taxation	660	650	632	699	764	742	674	865	1 043	1 124	1 006
Outside interests and preference dividends	*68*	*64*	*48*	*44*	*50*	*53*	*45*	*46*	*68*	*84*	*91*
Profit attributable to ordinary capital	592	586	584	655	714	689	629	819	975	1 040	915
Extraordinary items, less taxation and outside interests	35	*65*	*78*	—	—	—	—	—	*110*	—	—
Profit after extraordinary items	627	521	506	655	714	689	629	819	865	1 040	915
Dividends on ordinary and deferred capital[1])	*197*	*195*	*236*	*254*	*264*	*305[2])*	*307*	*348*	*347*	*324*	*348*
Profit of the year retained	430	326	270	401	450	384	322	471	518	716	567
Assets and liabilities											
Preferential share capital	836	836	317	310	310	310	310	308	304	298	295
Ordinary shareholders' equity	5 425	5 750	5 955	5 919	6 221	6 515	6 826	6 982	7 107	7 134	7 196
Outside interests in subsidiaries	225	199	194	205	209	214	250	211	247	244	327
Loan capital	688	859	1 570	1 491	1 452	1 477	1 634	1 660	1 610	1 601	2 120
Deferred liabilities	678	735	769	708	770	804	888	979	1 070	1 266	1 421
Capital employed	7 852	8 379	8 805	8 633	8 962	9 320	9 908	10 140	10 338	10 543	11 359
Land, buildings and plant	4 293	4 536	4 610	4 494	4 679	5 003	5 439	5 371	5 287	5 238	5 577
Trade investments	254	273	317	203	209	214	199	208	175	215	197
Long-term debtors	112	166	158	172	179	174	187	198	205	203	291
Working capital	3 246	3 540	3 572	3 271	3 617	4 081	4 410	4 236	4 109	4 574	5 858
Provision for taxation	*489*	*420*	*450*	*520*	*550*	*528*	*610*	*704*	*736*	*801*	*635*
Dividends	*159*	*112*	*107*	*135*	*135*	*176*	*178*	*220*	*272*	*257*	*299*
Net liquid funds	595	396	705	1 148	963	552	461	1 051	1 570	1 371	370
Employment of capital	7 852	8 379	8 805	8 633	8 962	9 320	9 908	10 140	10 338	10 543	11 359

The 1967 figures reflect the devaluation of sterling on 18th November, 1967, the 1971 figures the realignment of major currencies and the 1972 to 1974 figures the floating of sterling and other currencies.

[1]) With the change to corporation tax in the United Kingdom from 1966, income tax deducted from dividends had to be handed to the Revenue and the cost of dividends in 1966–1971 is the gross amount. In 1972 the first interim dividend of **Limited** is included gross. The second interim and final dividends for 1972 and all 1973 and 1974 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.

[2]) The special ordinary dividends, paid with the final 1969 dividends, amounting to Fl. 41 million, are not included.

	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974
Shareholders' equity											
per Fl. 20 of capital (Fl.)	97	103	106	106	111	116	121	125	127	128	129
per 25p of capital (pence)	144	152	157	182	191	200	209	222	253	295	328
Earnings[1])											
per Fl. 20 of capital (Fl.)	10.47	10.44	10.42	11.74	12.71	12.28	11.17	14.69	17.48	18.64	16.43
per 25p of capital (pence)	15.49	15.45	15.41	20.26	21.94	21.19	19.29	26.06	34.63	43.02	41.76
Earnings plus depreciation											
per Fl. 20 of capital (Fl.)	17.85	18.53	19.34	20.93	22.03	22.46	23.00	26.64	29.02	30.36	28.31
per 25p of capital (pence)	26.42	27.41	28.62	36.13	38.02	38.77	39.71	47.27	57.50	70.06	71.97
Dividends[2])											
N.V. per Fl. 20 capital (Fl.)	4.18	4.22	4.21	4.67	4.70	5.43[3])	5.43	6.20	6.71	6.71	7.25
Limited per 25p of capital (pence)	6.25	6.25	6.25	7.50	8.13	9.38[3])	9.42	11.20	11.02	10.63	12.48
Capital expenditure											
(Fl. million)	**653**	**673**	**605**	**616**	**716**	**881**	**993**	**850**	**927**	**974**	**1 309**
Depreciation (Fl. million)	**412**	**453**	**500**	**498**	**523**	**572**	**666**	**667**	**644**	**653**	**662**
Employees											
Remuneration of employees											
(Fl. million)	2 686	2 929	3 152	3 245	3 368	3 886	4 508	4 693	4 931	5 243	5 868
Number of employees (000's)	303	294	300	304	312	326	335	324	337	353	357
Ratios											
Sales : capital employed	2.2	2.2	2.2	2.3	2.2	2.3	2.5	2.6	2.6	2.8	3.0
Sales per employee (Fl.)	56 485	62 803	63 963	64 849	64 205	66 960	74 379	81 738	79 620	82 711	96 557
Sales : working capital	5.3	5.2	5.4	6.0	5.5	5.4	5.7	6.3	6.5	6.4	5.9
Dividends : earnings	0.33	0.33	0.40	0.39	0.37	0.44	0.49	0.43	0.36	0.31	0.38
Loan capital : shareholders' equity	0.13	0.15	0.26	0.25	0.23	0.23	0.24	0.24	0.23	0.22	0.29
Current assets : current liabilities	2.2	2.2	2.3	2.2	2.1	2.0	1.9	2.0	2.0	1.9	1.8
Share prices											
N.V. per Fl. 20 ordinary share in Amsterdam											
High	152	144	120	112	144	131	121	122	150	162	118
Low	137	107	73	85	105	98	79	87	118	100	69
Limited per 25p ordinary share in London											
High	185	181	172	251	420	350	313	345	405	397	339
Low	160	148	132	149	219	228	188	209	325	278	149

[1]) See note (g) on page 39.

[2]) **Limited** dividends for 1963–1971 and the first interim for 1972 are gross. The second interim and final for 1972 and all 1973 and 1974 dividends are the amounts paid or to be paid to the shareholders net of tax credit.

[3]) Excludes special ordinary dividends of Fl. 0.73 and 1.25p paid with the final 1969 dividends.

Dates to note

Dividends and interest

Ordinary	Interim	Announced mid-November. Payable second half of December.
	Final	Proposed early March. Payable second half of May (New York shares: beginning of June).
7% and 6% Cumulative Preference	First half	Payable 1st July.
	Second half	Payable 2nd January.
4% Cumulative Preference	First half	Payable 1st October.
	Second half	Payable 1st April.
6% Notes 1972/91		Payable 15th January.
8% Notes 1975		Payable 1st December.
6¾% Notes 1986		Payable 15th February.

Interim announcement of results

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

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Detergents

Of the activities in which we are engaged, detergents is the most widespread and among the most competitive. One of the original pillars on which Unilever was founded, it remains a major contributor to profits. This survey briefly describes the development of our detergent business and its main activities today.

Any substance which cleanses—such as soap—can be described as a detergent, but many detergent products contain no soap. This fact inevitably leads to some confusion in terminology. For our purposes, therefore, the word detergents embraces toilet and household soaps, soap flakes, washing powders, liquids for clothes or dishwashing, fabric conditioners, powders or liquids for household cleaning—and even bleach/disinfectants. But to begin with, we must go back to the days when the only manufactured detergent was soap.

Evolution from revolution

Most of our detergents are sold in Europe, although we have large and successful businesses in other parts of the world as well. They are such familiar products that it is doubtful if the European housewife considers them a symbol of the standard of living she enjoys. Yet only a hundred years ago many families could not have afforded to buy them, had they been in the shops to be bought. By the closing decades of last century, however, the manufacture and distribution of marketable goods on a really large scale was spreading throughout Europe encouraged by recent scientific discoveries. The wealth thus created was increasingly finding its way into the pockets of wage-earners, and one result of this was that soap ceased to be regarded as a luxury and became a necessity.

One exceptional businessman, William Lever, saw the opportunities presented by these rising living standards. His story has been told before, but it bears some repetition because he created a business of international significance, based on principles of marketing which still apply today. He began his Lever Brothers enterprise 90 years ago with 'Sunlight Soap'. It was made with a high proportion of tropical vegetable oils, lathered better than other soaps and made the housewife's task easier. He registered the brand name, made it in convenient size tablets, wrapped it in a distinctive pack, guaranteed its consistent quality, and advertised it extensively. It was in every respect an innovation.

Lever completely revolutionised the previously sedate soap trade. Within ten years he was selling nearly 40 000 tons of soap annually in the United Kingdom alone. He was exporting to continental Europe, the United States and the countries of the then British Empire. As demand rose, or tariff barriers intervened, he built local factories—beginning with Olten in Switzerland in 1898. In its second decade Lever Brothers introduced a family of brands, all marketed along the same lines. 'Lifebuoy' met awakening consumer interest in hygiene; 'Lux Flakes' carried the idea of less drudgery for the housewife a stage further, so did 'Vim', a scouring powder.

Today we have detergent businesses in some 50 countries and export to many more. We have added many new products to Lever's original list—each designed to meet a new consumer need arising out of new fabrics, new washing appliances or new household cleaning surfaces. In the fabrics washing field, general purpose powders such as 'Omo', 'Surf', 'Sunil' and 'Persil'[1]) have become household names. Specialised brands have been introduced to meet increasingly exacting consumer needs—'Skip'[2]) for automatic washing machines; 'Luvil' or 'Luzil' for soaking and the wash carried out at water temperatures of up to 60°C; 'Coral' for synthetic fabrics, 'Comfort' for fabric softening; and 'all', an especially powerful detergent.

We continue to respond to an increasing variety of tasks in the household cleaning field. 'Handy Andy' and 'Vigor' are now well known general purpose cleaners in Europe and our liquid abrasive cleaner, 'Jif'—the first product of its kind—launched originally in France under the brand name 'Cif', was developed specifically to deal with modern household surfaces.

In addition to these advances, many of the original brands have been improved in quality and adapted to modern needs. In a number of countries, like the Argentine, Brazil and India, they have been modified not only to meet local conditions, but so that they can be made to international standards using locally available raw materials.

Many times in the past it has been predicted that sales of detergent products have reached saturation point, but these predictions have always been proved wrong. World-wide sales continue to rise steadily from year to year. This is perhaps not so surprising when it is realised that there is a direct relationship between a country's Gross National Product and the detergent consumption of its population. The latter reflects the country's standard of living and the increased emphasis given to cleanliness and hygiene, as well as to standards of appearance. As a result Germany, the United States,

[1]) This trade mark belongs to Unilever in a number of countries, notably the United Kingdom, France, South Africa, Australia and New Zealand.

[2]) In the United Kingdom this brand is sold under the name 'Persil Automatic'.

Switzerland and the Netherlands top the list in their consumption per head of detergent products.

Throughout modern history, soap and its related products have contributed directly to higher standards of health and hygiene. In spite of this the industry has frequently been subject to unusual legislation and control. More recently there has been criticism in some countries of the level and content of the industry's advertising, although there is voluntary co-operation with government, industry and media bodies concerned with advertising standards and control. It is not the purpose of this survey to debate the role of advertising in a free society but we consider it an integral part of modern industry, and an essential element in the process of selling high-quality, branded products at prices within the reach of everyone. In our dialogue with consumer groups, therefore, we take every opportunity to demonstrate the product performance behind the advertising claims, which enables us to justify them.

From art to science

Soapmaking was generally regarded as an art rather than a science, although the research chemist arrived on the scene as early as 1912. During the 1930s the steady growth of the industry, the shortage of vegetable oils and fats, and the development of certain by-products of the petrochemical industry (particularly in the United States) led to the emergence of non-soapy detergents (NSDs). It was this development of an alternative base to soap, brought to fruition following the second world war, which provided the opportunity to turn the whole formulation and manufacture of washing and cleaning products into a science, involving the use of a wide variety of complex chemical compounds.

At first the main effort was directed towards trying to reproduce with the new NSD-based products the characteristics of soap-based products. However, it was not long before it was realised that the way was open to develop products possessing new attributes which would help the user to tackle her many washing and cleaning jobs with greater ease, speed and efficiency.

With growing attention and resource devoted to research, rapid progress was made in incorporating optical brighteners and many other types of compounds which could give the final product these specific new performance attributes. Nor was it necessary that the product should always be in powder form, so liquid detergents were developed for a variety of uses ranging from dishwashing and household cleaning to fabric washing. In most of these important developments, scientists of many disciplines in our research laboratories played a leading part.

Increasingly, as science was brought to bear on the processes of washing and cleaning, we were able to meet the radically new demands being made on detergents. Thirty years ago there was only silk, cotton, wool and the early synthetic rayon. Since then there has been an avalanche of new fabrics to be washed, notably nylon, the polyesters, and fabrics made from mixtures of these materials and natural fibres. The consumer has rightly demanded special treatments for certain fabrics, for example, the flameproofing of children's nightdresses, and she requires products which do not destroy the treatments during the wash. Man-made fibres now form a significant part of the weekly wash nearly everywhere; in Europe it can be as much as 40%. Surveys predict a continuing increase in the use of pure synthetic fibres and blends at the expense of natural fibres.

We have also been successful in re-formulating our brands to act efficiently with each new generation of washing appliance—from the simplest to the latest fully-automatic, programmed machines. The need for flexibility was demonstrated dramatically in the late 1950s and early 1960s when the Italian industry, for the first time regarding Europe as a single market, mass-produced washing machines at a low cost which put them within the reach of most households. They were intolerant of lather and so detergent formulations had to become more complicated to match.

Changes like these have led us to carry out detailed studies of housewives' needs and preferences in many countries with the result that the detergent market is probably amongst the most thoroughly understood of all consumer markets. Existing products are continuously improved to meet changing needs and higher standards.

New products are introduced as new requirements and new technical opportunities appear. For example, ten years ago we introduced 'Sun', a powder for use in automatic dishwashing machines, when the number of machines in use in Europe was still very low. Today, forecasts indicate that ownership of dishwashing machines will rise to more than 20% in many countries—a level already achieved in the United States.

Our liquid detergent products—easy to use but deeply rooted in scientific knowledge far removed from the old art of soapmaking—are designed to meet a range of ancillary washing and cleaning needs important to the housewife. For example: fabric conditioning, light duty fabric washing, dishwashing, hard surface cleaning. In the case of 'Jif' referred to earlier, we had to search for ingredients that would serve their prescribed purpose and do so in what is called a stable suspension. This enables the product to clean such varied surfaces as enamel, stainless steel and plastic without scratching them.

In the meantime the development of soap itself has not stood still. From the age-old system of boiling soap in huge vessels known as pans, processing today takes place in fully enclosed and continuous systems. Soap has remained pre-eminent in the personal washing area—apart from hair shampoos—and can be given additional properties like moisturising, freshening, and deodorancy. Our most outstanding example in this category is 'Lux', the world's leading toilet soap, originally developed in 1924 by Lever Brothers Company

Some of the brands and varieties mentioned in the text are included in the selection above. Thirty-four products are shown, marketed in some twelve countries, but they form only a small part of the total.

in the United States. It is now manufactured in some 40 countries to the same exacting international standards and exported to more than 50 others. In North America the technology of NSDs has been applied to personal washing bars and the introduction of the first non-soap bar. Since the early 1950s 'Dove' has been and remains a major success story.

Safety and environment

New detergent products are being developed which promise to be still more effective than their forerunners. But we do not take any new materials on trust. We have set up sophisticated and comprehensive facilities for testing the safety of a product in use, and whether or not it will contaminate the environment. These facilities are a Research Division responsibility. Safety approval—which all our products must have—can only be given by the head of the Division, who is a member of the Board.

Each clearance procedure, whether that of a product, an ingredient or a process will involve at least four scientists—sometimes as many as 18. The Environmental Safety Division at Colworth House in the United Kingdom has a scientific staff of 40, with some 170 supporting staff. Our research and development laboratories throughout the world run in-depth testing to ensure safe handling and use—by the consumer and by our employees involved in manufacturing the products.

Tests for possible skin irritation and allergic sensitivity are important parts of the clearance programme. The possibility that some of our products might be accidentally swallowed or get into food is always considered. So tests are stringent and as a result some products or ingredients are not marketed which would be safe in normal use. Even after clearance has been given safety in use can be monitored through medical contacts.

Since the 1950s, when synthetic detergents began to displace soap products, we have worked together with government bodies and chemical suppliers to tackle problems of pollution. We co-operate with standing government committees which keep environmental matters relating to our industry under close and constant review.

To examine all aspects of pollution and ways of eliminating them, a versatile pilot-scale sewage treatment and ecology study unit has been built at Port Sunlight. It is now accepted practice in the industry that all detergents should be biodegradable, that is capable of being broken down by biological action during effluent treatment. Part of the test programme, therefore, ensures that any proposed product changes conform to this practice. On introducing a change in formulation, for example as a consequence of a shortage of certain raw materials, the test programme could cost quite substantial amounts.

The future

Looking to the future there are sound reasons for assuming that the international market for detergents will continue to make steady growth. In the past ten years in the countries in which we operate, detergent consumption has risen by 50% and there is no sign of any slackening in this rate of growth (in our European markets alone the increase over the past five years has been 25%). As standards of living in the developing countries rise towards those already attained in North America and Europe, the possibilities for further growth are considerable.

We should get our fair share of this growth. In the meantime, backed by our substantial research effort at Vlaardingen in the Netherlands, Port Sunlight in the United Kingdom and Edgewater in the United States, we shall continue to apply our skills and ingenuity to finding ways of developing products which will help consumers to achieve higher standards of cleanliness and hygiene for their families and their homes. To do so, we must be ever attentive to the wishes and requirements of the consumer for she remains the final judge of the success or failure of our efforts.

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