

1937

LEVER BROTHERS & UNILEVER
LIMITED.

ANNUAL REPORT

AND

STATEMENT OF ACCOUNTS

FOR THE YEAR ENDED

31st DECEMBER, 1937.

LEVER BROTHERS & UNILEVER LIMITED.

Directors.

THE VISCOUNT LEVERHULME, *Governor.*

FRANCIS D'ARCY COOPER, *Chairman.*

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

CROUDSON WILLIAM BARNISH.

JAMES P. VAN DEN BERGH.

SIDNEY J. VAN DEN BERGH.

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

HERBERT DAVIS.

JAMES LEVER FERGUSON.

LOUIS HERBERT HARTLAND-SWANN, C.B.E.

ARTHUR HARTOG.

P. D. H. HENDRIKS.

GEOFFREY HEYWORTH.

JAMES LAURENCE HEYWORTH.

RUDOLF JURGENS.

HENRY JURGENS.

DR. J. L. POLAK.

PAUL RYKENS.

DR. HEINRICH SCHICHT.

GEORG SCHICHT.

FRANZ SCHICHT.

JAMES LOMAX SIMPSON.

CHARLES EDMUND TATLOW.

Advisory Directors.

HORATIO BALLANTYNE.

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

DR. R. J. H. PATIJN.

JOHN WESTALL PEARSON.

Secretaries.

L. V. FILDES.

M. G. DE BAAT.

Auditors.

COOPER BROTHERS & CO.

PRICE, WATERHOUSE & CO.

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31ST DECEMBER, 1937.

To be submitted to the Members at the Annual General Meeting, to be held at Southern House, Cannon Street Station, London, E.C.4, on Friday, the 13th day of May, 1938, at 11 a.m.

The Directors submit their Annual Report and Accounts for the year ended 31st December, 1937.

It is proposed to adopt the procedure hitherto followed by Unilever Limited and Unilever N.V. by which the principal movements in the Accounts are dealt with in the Report.

In view of the Equalisation Agreement between Lever Brothers & Unilever Limited, the English Company, and Lever Brothers & Unilever N.V., the Dutch Company, this Report deals with both Companies. For convenience they will be referred to as "**LIMITED**" and "**N.V.**" respectively.

In compiling the Accounts, amounts in foreign currencies have been converted into sterling or Dutch florins at the rates of exchange of 31st December, 1937, and then reduced as deemed advisable. Where the combined figures of the two Companies are mentioned in this Report, Dutch florins have been converted to sterling at a fixed rate of fl. 9 = £1 for 1937 and of fl. 8.97 = £1 for 1936.

During the year 1937, the following major schemes of reorganisation of capital have taken place :—

(1) Lever Brothers Limited and Unilever Limited were amalgamated as on 1st January, 1937, and a reallocation of interests took place between the Amalgamated Company—Lever Brothers & Unilever Limited—and Lever Brothers & Unilever N.V. (formerly Unilever N.V.) by which interests within the British Empire became vested in **LIMITED** and interests in other countries in **N.V.**

The dividends on the Preferential Capital of Unilever Limited and of Unilever N.V. were paid hitherto on 1st June and 1st December and those of Lever Brothers Limited on 1st July and 1st January. In order to bring the dates of these payments into line, the dividends on the Preference Capital of the two Unilever Companies were paid in 1937 in respect of a period of thirteen months. The accrued dividends for the month of December, 1936, have been deducted from the balances on Profit and Loss Account brought forward from 1936.

Following upon the Amalgamation, the trading and manufacturing activities of Lever Brothers Limited were transferred to a separate Company—Lever Brothers, Port Sunlight, Limited—the shares in which are held wholly by **LIMITED**.

(2) Van den Bergh's Fabrieken N.V.—a subsidiary of **N.V.**—repaid fl. 9,500,000 (nominal) 4½ per cent. Notes and issued fl. 7,500,000 (nominal) 3½ per cent. Notes. At the same time fl. 20,100,000 (nominal) 6 per cent. Cumulative Participating Preference Shares A and B were converted into fl. 15,075,000 (nominal) 3½ per cent. Notes and fl. 5,025,000 (nominal) Ordinary Shares A (which are entitled to a maximum dividend of 15 per cent. less Dutch tax up to 9.05 per cent.). Holders of the fl. 7,500,000 (nominal) 3½ per cent. Notes and of these Preference Shares were given Option Warrants giving the right, subject to the terms of issue, to subscribe for fl. 9,412,500 (nominal) Ordinary Capital of **N.V.** at a price of 195 per cent. up to 31st December, 1938, and 215 per cent. up to 30th June, 1942.

(3) fl. 87,308,656 (nominal) 6 per cent. Cumulative "A" Preference Shares and 6 per cent. Cumulative Participating B and C Preference Shares of Anton Jurgens' Vereenigde Fabrieken N.V. and fl. 11,514,000 (nominal) 6 per cent. Cumulative Participating Preference Shares of N.V. Hollandsche Vereeniging tot Exploitatie van Margarine Fabrieken "Hovema," both subsidiaries of **N.V.**, were exchanged for fl. 98,822,656 (nominal) 6 per cent. Cumulative Preference Shares of **N.V.** with dividend rights as from 1st July, 1937. The holders of these Preference Shares have, subject to the terms of issue, the right to convert them at any time before 1st July, 1942, into Ordinary Shares of **N.V.** in the ratio of fl. 3,000 (nominal) Preference Shares for fl. 2,000 (nominal) Ordinary Shares.

(4) The £100,000 Deferred Stock of LIMITED and the 2,400 Ordinary Shares of Fl. 1,000 each numbered 1 to 2,400 of N.V. are held each as to 50 per cent. by two private Holding Companies—United Holdings Limited and N.V. Elma. These holdings carry the right to nominate the persons who are to be eligible for election as Directors of LIMITED and N.V. by the Shareholders in General Meeting.

The shares of these two Companies were privately held at the time of the amalgamation under Scheme (1) but, as at 31st December, 1937, they were acquired by the Parent Companies so that LIMITED now has the control of one half of its own Deferred Stock and of one half of the Ordinary Shares in N.V., which carry these special rights of nomination, and N.V. has the control of the other halves.

The shares of United Holdings Limited were acquired by LIMITED for an issue of £100,000 Ordinary Stock at par and £50,000 in cash and those of N.V. Elma were acquired by N.V. for an issue of Fl. 1,200,000 (nominal) Ordinary Shares at par and £50,000 in cash. In each case the purchase price was equivalent to the par value of the assets of the Private Company concerned.

Owing to these reorganisations of Capital and the reallocation of interests, comparative figures of the previous year would serve no purpose. For this year, therefore, they have been omitted from the Balance Sheets and Profit and Loss Accounts, but they will be shown again in future.

Hitherto there have been attached to the Accounts of Unilever Limited and Unilever N.V. Summarised Accounts of their principal Subsidiary and Allied Companies. In place of these, a Statement is attached on the last page, setting out consolidated figures of the two Parent Companies, and in this Statement comparative figures for 1936 have been given.

It will be seen from this Consolidated Statement that the Aggregate Net Profits were :—

1937—£12,749,991. 1936—£12,562,783.

These profits are calculated after charging interest on Debentures and Notes and depreciation and making provision for taxation including, in the case of LIMITED, National Defence Contribution and, in the case of N.V., the tax on all dividends including those proposed to be declared.

After deducting the proportion of the profits accruing to Third Party holders of Preference and Ordinary Capital in Subsidiary and Allied Companies and the Preferential Dividends of the Parent Companies, the profits accruing to the Ordinary Shareholders of the Parent Companies (subject to the dividends on Co-Partnership Preferential Certificates and on Deferred Stock) were :—

		1937.	1936.
		£	£
LIMITED	... ..	2,787,752	3,085,050
N.V.	... ..	2,219,314	1,496,632
Total	... ..	<u>£5,007,066</u>	<u>£4,581,682</u>

Out of these profits for 1937, amounts of £540,212 and £195,111 (Fl. 1,756,001) have been retained by Subsidiary and Allied Companies and have not been brought to the credit of the Profit and Loss Accounts of the two Parent Companies.

The costs of Scheme (1) were relatively small and have been charged against the results of the year. The costs of Scheme (2), which amounted to Fl. 578,857, have been charged against the General Reserve of Van den Bergh's Fabrieken N.V. Those of Scheme (3), apart from the amount recovered from the Shareholders, amounted to Fl. 957,186 and have been charged against the General Reserve of N.V.

As in 1936, the results for the year 1937 include profits from countries with restricted currencies to the extent only that their equivalent value has become available outside those countries in Sterling or Dutch Florins.

The procedure adopted by Lever Brothers Limited of incorporating in the Accounts the proposed appropriations of the profits has now been applied to LIMITED and to N.V.

BALANCE SHEETS.

SHARE CAPITAL.

The Authorised Capital of Lever Brothers Limited and of Unilever Limited has been reduced from the combined figure of £150,700,000 to £141,418,750 in accordance with Scheme (1) and the Authorised Capital of N.V. has been increased from Fl. 350,000,000 to Fl. 500,000,000 in connection with Schemes (2) and (3).

In LIMITED, the Issued Capital of £67,445,925 shows a decrease of £12,886,352 as compared with the combined Issued Capital of Lever Brothers Limited and Unilever Limited at 31st December, 1936. Of this difference, £8,500,000 is represented by the Ordinary Capital of Lever Brothers Limited held by Unilever Limited which was cancelled. Of £4,802,529 20 per cent. Cumulative Preferred Ordinary Stock of Lever Brothers Limited formerly held internally by Subsidiary and Allied Companies, £4,500,000 was cancelled and £302,529

was sold at market price to the Preference and Preferred Ordinary Stockholders of Lever Brothers Limited and Unilever Limited. This sale realised a profit which has been credited direct to the Investment Reserves of the Subsidiary and Allied Companies concerned. Ordinary Stock to a nominal amount of £100,000 has been issued at par under Scheme (4) and £13,648 7% Preference Stock has been issued in connection with the acquisition of further shares in Subsidiary Companies.

In N.V., the issued Share Capital has increased by Fl. 100,023,500 to Fl. 299,387,000. Of this increase Fl. 98,822,656 represents the issue of 6 per cent. Cumulative Preference Capital in connection with Scheme (3), Fl. 1,200,000 the issue of Ordinary Capital under Scheme (4) and the small balance of Fl. 844 was issued to round off to units of Fl. 1,000.

Of the Unissued Capital, Fl. 75,294,500 (nominal) Ordinary Capital is earmarked for issues in connection with the Option Warrants referred to under Scheme (2) and the conversion rights attaching to the 6 per cent. Cumulative Preference Capital under Scheme (3).

GENERAL RESERVE.

In LIMITED, the combined General Reserves of Lever Brothers Limited and of Unilever Limited, which at 31st December, 1936, amounted to £9,250,000, have been increased to £10,000,000 by the allocation of £750,000 out of the Profits of 1937.

In N.V., the General Reserve at 31st December, 1936, amounted to Fl. 101,000,000. From this has been deducted Fl. 957,186, the net cost of Scheme (3). It is proposed to bring this Reserve up to Fl. 102,500,000 by an allocation of Fl. 2,457,186 from the Profits of 1937.

The combined reserves of LIMITED and N.V., including the Balances carried forward on Profit and Loss Account, will now therefore amount to £23,313,479.

DEPOSITS, LOANS AND CURRENT ACCOUNTS.—SUBSIDIARY AND ALLIED COMPANIES.

In LIMITED, it will be seen that Deposits, Loans and Current Accounts with Subsidiary and Allied Companies are now shown on the respective sides of the Balance Sheet: Prior to 1937, practically all Deposits, Loans and Current Accounts were concentrated in a Subsidiary Company and only the balances with that Company were shown in the Balance Sheets of Lever Brothers Limited and Unilever Limited.

Included in the amount of £20,840,230 advanced to Allied Companies is the loan of £11,000,000 to a wholly owned subsidiary of N.V. to which Company were transferred Non-British interests under Scheme (1).

In N.V., the amount shown under the heading of Loans to Allied Companies includes balances in countries with restricted currencies. These balances have been reduced during the year 1937. Any losses likely to arise on their ultimate realisation are covered by existing Reserves.

CREDITORS.

In LIMITED, the principal liabilities included under this heading, apart from provision for taxation, are in connection with contracts for supplies purchased on behalf of Subsidiary and Allied Companies. Also included is an amount of £250,000 which has been allocated to Reserve for Contingencies out of the profits of 1937. The balance of the Reserves for Contingencies at 31st December, 1936, has been applied to making an allowance to N.V. on the book value of shares in a Subsidiary Company transferred under Scheme (1) and writing off a portion of damages arising from the settlement of a law suit in the United States of America in connection with an infringement of a patent. The balance of these damages has been charged proportionately by LIMITED and N.V. against the profits of 1937.

In N.V., the amount of Fl. 15,130,021 shown under Creditors compares with Fl. 11,649,207 at 31st December, 1936, the difference being due mainly to the proposed increase of Fl. 2,500,000 to the Contingency Reserve and to the increase to the Reserve for Taxation to cover the dividend tax on the proposed dividends.

SHARES IN SUBSIDIARY AND ALLIED COMPANIES.

In LIMITED, the different bases of valuation hitherto adopted by Lever Brothers Limited and by Unilever Limited and the large transfer of interests which has taken place under Scheme (1) made it desirable to revalue the whole of the Shares in Subsidiary and Allied Companies. The total of this revaluation showed a surplus as compared with the book values. This surplus has been transferred to Reserves which are deducted from the revaluation figures, so that there has been no alteration of share values in total.

New acquisitions during the year 1937 include £150,000 for the purchase at 31st December, 1937, of the shares in United Holdings Limited under Scheme (4) and £710,214 being the par value of Bonus Shares since allotted by the Niger Company Limited in respect of that part of their profits, earned in 1937, which has been taken to the credit of the Profit and Loss Account.

In N.V., Shares in Subsidiary Companies have always been included at cost and it is proposed to continue to adopt this basis. Additions during the year which amounted to Fl. 103,882,736 are due mainly to the acquisition of Fl. 98,822,656 (nominal) Preference Capital in Anton Jurgens' Vereenigde Fabrieken N.V. and N.V. "Hovema" under Scheme (3). The balance represents the purchase of the Shares in N.V. Elma under Scheme (4) and the acquisition from LIMITED of Non-British interests under Scheme (1).

FREEHOLD LAND, BUILDINGS, ETC.

In LIMITED, the amount of £2,951,793 compares with £6,095,780 shown in the Balance Sheet of Lever Brothers Limited at 31st December, 1936. The reduction is due to the transfer under Scheme (1) to the new Company, Lever Brothers, Port Sunlight, Limited, of the Fixed Assets incidental to the manufacturing and trading previously carried on by Lever Brothers Limited. The present figure includes the freehold offices in London, undeveloped land and the Dock with its plant at Bromborough which, being a statutory undertaking, could not conveniently be transferred to the new Company.

DIVIDENDS RECEIVABLE.

The amounts shown under this heading represent such Dividends from Subsidiary and Allied Companies in respect of the year to 31st December, 1937, as were not received by that date.

PROFIT AND LOSS AND APPROPRIATION ACCOUNTS.

As already mentioned, the form in which these Accounts are presented has been revised in order to include the proposed Appropriations which have to be approved by the Annual General Meetings.

In LIMITED, the amount of £113,182, representing Income Tax recovered from the Final Ordinary Dividend of Unilever Limited for the year 1936, has been added to the balance brought forward from 1936, thus avoiding an inflation of the Profits for the year 1937.

With a view to comparison with future years, an amount of £450,000, representing one half-year's dividend to 30th June, 1937, on the £4,500,000 Lever 20 per cent. Cumulative Preferred Ordinary Stock held internally and since cancelled, has been excluded from the profits and from the Appropriations.

When comparing the profits of 1937 with those of 1936, it should be remembered that the results of Lever Brothers Limited for 1936 included £900,000 representing a full year's dividend on this £4,500,000 20 per cent. Cumulative Preferred Ordinary Stock then held by their Subsidiary and Allied Companies.

In N.V., as the Appropriations are now incorporated in the Accounts, provision for dividend tax on the proposed dividends has been made in the Profit and Loss Account instead of, as heretofore, being covered by the allocation to Reserve for Contingencies. This is mainly responsible for the increase from Fl. 644,274 in 1936 to Fl. 1,256,060 in 1937 shown under the heading of General Administration Expenses and Provision for Taxation.

CONSOLIDATED STATEMENT.

In view of the very large number of fluctuating currencies involved, any consolidated figures expressed in sterling can only be regarded as approximate and the Consolidated Statement must be considered with this in mind.

In this Statement the words "Parent Companies" as applied to the 1936 figures refer to Unilever Limited and Unilever N.V. Many of the figures, such as Long Term Claims and Liabilities, Capital Expenditure, Depreciation, Pension Contributions, etc., were quoted last year, either in the Report attached to the Accounts of these two Companies or in the Chairmen's Speeches at the Annual General Meetings, and therefore, although for the 1937 figures a fixed rate of Fl. 9 = £1 has been adopted for the conversion of Dutch Florins into Sterling, no adjustment has been made to the 1936 figures.

Prior to the amalgamation referred to under Scheme (1), certain of the Unilever Companies had invested their surplus funds in marketable securities of Lever Companies and vice versa. In the 1936 figures, these investments were therefore treated as part of the Share Capital held by Third Parties and were included as marketable investments in the Statement of Working Capital. On the amalgamation taking place, steps were taken to dispose of what then became internally held Share Capital and these investments have now practically all been realised.

The movements during the year in the various classes of Share Capital are in connection with the Schemes referred to on page 1.

Attention is directed to the note under the heading of General Reserves and Profits carried forward. The amounts falling under this heading in the Subsidiary and Allied Companies are considerable, but to express in sterling a consolidated figure of all the accumulated Reserves would involve a complete revaluation of over 400 Manufacturing Units in almost every country in the world. No benefit could be obtained to justify the cost of such a proceeding and the total in sterling would even then be purely arbitrary. This is one of the reasons why it is considered that a Consolidated Balance Sheet prepared merely by converting currency book values into sterling at current or other rates of exchange would be misleading.

The increase in the Long Term Liabilities includes the $3\frac{1}{2}$ per cent. Notes issued in exchange for Preference Shares under Scheme (2) and that part of the purchase price of a new business which does not fall due until after 31st December, 1938.

It will be noted that the total available Working Capital of the two Companies at 31st December, 1937, amounting to £41,949,000, shows an increase as compared with last year of £1,805,000. As the proposed Final Dividends on the Ordinary Capitals of the two Parent Companies are now incorporated in the Accounts, provision for these amounts has been included under "Current Liabilities." For comparison, the corresponding figure at 31st December, 1936, has been adjusted accordingly.

Of the amount of £414,000 set aside in 1937 for the Special Provisions for future Pension Liabilities, the greater part is derived from the profit on the sale of marketable securities.

APPROPRIATION OF PROFITS.

The Directors of the two Companies propose to allocate the profits in accordance with the Appropriation Statement.

In LIMITED, after providing for the dividends on all classes of Preferential Capital, there was an amount available for further allocation of £3,593,871. Of this, £452,750 has been paid to the Ordinary Stockholders by way of an Interim Dividend of 4 per cent. leaving an amount available of £3,141,121. Out of this there has been allocated £750,000 to General Reserve and £250,000 to Reserve for Contingencies, and it is proposed to pay a Final Dividend on the Ordinary Capital of 6 per cent., making 10 per cent. for the year, to pay 5 per cent. on the Preferential Certificates of the Co-partnership Trust and to pay a dividend of 6 per cent. on the Deferred Stock, thus leaving £1,399,088 to be carried forward to 1938 which shows an increase of £52,757 over the combined balances of Unilever Limited and Lever Brothers Limited brought forward from 1936.

The Co-partnership Trust referred to above provides that Preferential Certificates (of no capital value) carrying the right to a dividend at the rate of 5 per cent. per annum, after 5 per cent. has been paid on the Ordinary Stock of the Company, shall, in certain cases, be issued to retired employees and the widows of deceased employees. These rights are in addition to benefits under the Companies' Pension Funds. As there have been no new admissions into the Trust since 1924 the number of these Preferential Certificates will gradually diminish and appropriations for dividends on them will eventually cease.

In N.V., after providing for dividends on all classes of Preference Shares, there was an amount available for further allocation of Fl. 22,510,489. Of this, Fl. 5,107,905 has been paid to the Ordinary Shareholders by way of an Interim Dividend of 3 per cent. leaving an amount available of Fl. 17,402,584. Out of this it is proposed to allocate Fl. 2,457,186 to General Reserve and Fl. 2,500,000 to Reserve for Contingencies and to pay a final dividend on the Ordinary Capital of $4\frac{1}{2}$ per cent., making $7\frac{1}{2}$ per cent. for the year, thus leaving Fl. 4,729,518 to be carried forward to 1938, which shows an increase of Fl. 436,855 over the balance brought forward from 1936.

In accordance with the Equalisation Agreement between the two Companies, the above rates of dividend on the Ordinary Capitals are based on the current Sterling/Guilder rates of exchange.

BOARD OF DIRECTORS.

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

AUDITORS.

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

By Order of the Board,

L. V. FILDES, }
M. G. DE BAAT, } *Secretaries.*

21st April, 1938.

STATEMENT OF PROFITS AND APPROPRIATIONS,
Year ended 31st December, 1937.

	Lever Brothers & Unilever Limited.	Lever Brothers & Unilever N.V.	TOTAL (Fl. 9 = £1).
The NET PROFITS for the Year, including the Companies' proportion of the Profits less Losses of Subsidiary and Allied Companies, amounted to	£ 7,116,529	Fl. 24,973,517	£ 9,891,364
Of this amount, there have been retained by Subsidiary and Allied Companies	540,212	1,756,001	735,323
leaving Profits which include the results of the Subsidiary and Allied Companies only to the extent to which dividends, tantiemes and bonus share issues have been or are to be received therefrom	6,576,317	23,217,516	9,156,041
To these have to be added the adjusted balances brought forward from 1936	1,346,331	4,292,663	1,823,293
leaving Profits available for distribution	7,922,648	27,510,179	10,979,334
The Dividends for the year on all classes of Preference and Preferred Ordinary Capital absorb	4,328,777	4,999,690	4,884,298
leaving for further allocation	3,593,871	22,510,489	6,095,036
These amounts are appropriated as follows :—			
General Reserves.. .. .	750,000	2,457,186	1,023,020
Reserves for Contingencies	250,000	2,500,000	527,778
Dividend on Ordinary Capitals :—	Limited.	N.V.	
Interim paid 1st December, 1937..	4 %	3 %	
Final now proposed	6 %	4½ %	
	10 %	7½ %	
	1,137,875	12,823,785	2,562,740
Dividend on Preferential Certificates of Co-partnership Trust	50,908	—	50,908
Dividend on Deferred Stock of 6%	6,000	—	6,000
	2,194,783	17,780,971	4,170,446
leaving balances to be carried forward to 1938 of	1,399,088	4,729,518	1,924,590

LEVER BROTHERS & BALANCE SHEET,

CAPITAL AND LIABILITIES.

	£	£
	<i>Authorised.</i>	<i>Issued and fully paid.</i>
CAPITAL—		
7% Cumulative Preference } <i>Ranking pari passu</i>	35,984,690	35,984,690
5% Cumulative Preference }	4,015,310	2,000,000
8% Cumulative A Preference	40,000,000	15,655,173
20% Cumulative Preferred Ordinary	2,287,312	2,287,312
Ordinary	59,031,438	11,418,750
Deferred	100,000	100,000
	<u>141,418,750</u>	<u>67,445,925</u>
DEBENTURE STOCK—		
Charged on the Undertaking and Property of the Company		
5% Consolidated Debenture Stock—		
Redeemable in full between 1st April, 1942 and 1957.		
Outstanding at 31st December, 1936	3,164,800	
Redeemed and cancelled during the year	68,800	
	<u>3,096,000</u>	
4% Consolidated Debenture Stock—		
Redeemable in full between 1st April, 1943 and 1958.		
Outstanding at 31st December, 1936	2,150,857	
Redeemed and cancelled during the year	45,763	
	<u>2,105,094</u>	
Add—Interest accrued, less Income Tax	5,201,094	
	45,005	
	<u>5,246,099</u>	
GENERAL RESERVE—		
Balance at 31st December, 1936—		
Lever Brothers Limited	2,250,000	
Unilever Limited	7,000,000	
	<u>9,250,000</u>	
Add—Transfer from Appropriation Account	750,000	
	<u>10,000,000</u>	
PROFIT AND LOSS ACCOUNT—		
Balance carried forward to 1938		1,399,088
		<u>84,091,112</u>
DEPOSITS AND CURRENT ACCOUNTS—		
Subsidiary Companies	10,028,341	
Allied Companies	5,214,296	
	<u>15,242,637</u>	
CREDITORS—		
Trade Creditors, Accrued Liabilities, Provision for Taxation and for Dividend on Preferential Certificates and Reserve for Contingencies..		1,641,659
PROVISION FOR DIVIDENDS ON PREFERENCE, PREFERRED ORDINARY, ORDINARY AND DEFERRED STOCK (less Income Tax)		1,988,936
		<u>£102,964,344</u>

NOTE.—There are Contingent Liabilities under Guarantees, Bills discounted and Agreements on account of Subsidiary and Allied Companies.

REPORT OF THE AUDITORS

We report to the Members that we have examined the above Balance Sheet and have obtained all the as to exhibit a true and correct view of the state of the Company's affairs as at 31st December, 1937, according to the

LONDON, E.C.
21st April, 1938.

UNILEVER LIMITED.

31st DECEMBER, 1937.

ASSETS.		£	£
SHARES IN SUBSIDIARY AND ALLIED COMPANIES—			
At Directors' Valuation as at 31st December, 1937, less Reserves—			
Subsidiary Companies	.. .. .	63,411,295	
Allied Companies	.. .. .	5,044,764	
		<hr/>	68,456,059
FREEHOLD LAND, BUILDINGS, PLANT, OFFICE EQUIPMENT AND LEASEHOLD PROPERTIES—At cost, less depreciation.. .. .			
		.. .. .	2,951,793
LOANS AND CURRENT ACCOUNTS—			
Subsidiary Companies	.. .. .	5,044,378	
Allied Companies	.. .. .	20,840,230	
		<hr/>	25,884,608
LEVER BROTHERS & UNILEVER N.V.—Current Account	.. .. .	.. .. .	723,365
DIVIDENDS RECEIVABLE—			
Subsidiary Companies	.. .. .	3,082,443	
Allied Companies	.. .. .	160,301	
		<hr/>	3,242,744
DEBTORS—			
Sundry Debtors and Payments in Advance	.. .. .	.. .. .	72,592
CASH AT BANKERS AND IN HAND	.. .. .	.. .. .	1,633,183

LEVERHULME, *Governor.*

F. D'ARCY COOPER, *Chairman.*

£102,964,344

TO THE MEMBERS.

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

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

LEVER BROTHERS &

PROFIT AND LOSS AND APPROPRIATION ACCOUNT

£	£	897,655	240,321	6,576,317	£7,714,293
GENERAL ADMINISTRATION EXPENSES (including Director's Fee, £800), INCOME TAX	AND NATIONAL DEFENCE CONTRIBUTION	DEBTURE INTEREST	NET PROFIT FOR THE YEAR 1937 carried down		

APPROPRIATIONS—

Dividends on Cumulative Preference and Preferred Ordinary Stock—

7% Preference	5% Preference	8% A Preference	20% Preferred Ordinary
2,518,901	100,000	1,252,414	457,462

General Reserve	Reserve for Contingencies	Dividend on Ordinary Stock—
750,000	250,000	4% Interim Dividend paid 1st December, 1937
		6% Final Dividend

Dividend on Preferred Certificates of the Co-Partnership Trust	Dividend on Deferred Stock of 6%	Balance carried forward to 1938
1,137,875	6,000	1,399,088
50,908		
1,922,648		

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

LEVER BROTHERS &

TRANSLATION

BALANCE SHEET,

CAPITAL AND LIABILITIES.

	fl.	fl.
SHARE CAPITAL—		
7% Cumulative Preference Shares	<i>Authorised.</i> 50,000,000	<i>Issued and fully paid.</i> 29,000,000
6% Cumulative Preference Shares	125,000,000	98,823,000
5% Cumulative Preference Shares	25,000,000	100,000
Ordinary Shares	300,000,000	171,464,000
	<u>500,000,000</u>	<u>299,387,000</u>
GENERAL RESERVE—		
Balance at 31st December, 1936	101,000,000	
Less—Expenses of issue of Capital	957,186	
	<u>100,042,814</u>	
<i>Add</i> —Transfer from Appropriation Account	2,457,186	
		102,500,000
PROFIT AND LOSS ACCOUNT—		
Balance carried forward to 1938		4,729,518
		<u>406,616,518</u>
DEPOSITS AND CURRENT ACCOUNTS—		
Subsidiary Companies	11,532,395	
Allied Companies	44,466,034	
	<u>55,998,429</u>	
LEVER BROTHERS & UNILEVER LIMITED—Current Account (£723,365)		6,499,439
CREDITORS—		
Trade and Sundry Creditors, Deposits, Accrued Liabilities, Provision for Taxation and Reserve for Contingencies		15,130,021
PROVISION FOR DIVIDENDS ON PREFERENCE AND ORDINARY SHARES		10,680,570
		<u>fl. 494,924,977</u>

NOTE.—There are Contingent Liabilities under Guarantees and Agreements on account of Subsidiary and Allied Companies.

REPORT OF THE AUDITORS

We report to the Members that we have examined the above Balance Sheet and have obtained all the with Allied Companies and others in countries in which there are restrictions on the transfer of currency. In our opinion affairs as at 31st December, 1937, according to the best of our information and the explanations given to us and as

ROTTERDAM,
21st April, 1938.

UNILEVER N.V. ROTTERDAM.

OF

31st December, 1937.

ASSETS.									
								fl.	fl.
SHARES IN SUBSIDIARY COMPANIES—At Cost	..	..	..	..	..	..	..	318,574,489	
LOANS AND CURRENT ACCOUNTS—									
Subsidiary Companies	..	..	..	..	..	..	..	8,931,496	
Allied Companies	..	..	..	..	..	..	..	<u>134,330,856</u>	143,262,352
DIVIDENDS AND TANTIEMES RECEIVABLE—									
Subsidiary Companies	..	..	..	..	..	..	..	18,315,560	
DEBTORS—									
Loans and Sundry Debtors	..	..	..	..	..	..	..	4,464,316	
CASH AT BANKERS AND IN HAND	..	..	..	..	..	..	..	10,308,260	

GEORG SCHICHT, *Governor.*

P. RYKENS, *Chairman.*

fl. 494,924,977

TO THE MEMBERS.

information and explanations we have required. Loans and Current Accounts and Debtors include considerable balances the above Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Company's shown by the books of the Company.

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

PROFIT AND LOSS AND APPROPRIATION ACCOUNT,

	fl.
GENERAL ADMINISTRATION EXPENSES AND PROVISION FOR TAXATION	1,256,060
NET PROFIT FOR THE YEAR 1937 carried down	23,217,516
	fl. 24,473,576

APPROPRIATIONS—

Dividends on Cumulative Preference Shares—	fl.
7% Preference	2,030,000
6% Preference (as from 1st July, 1937)	2,964,690
5% Preference	5,000
	4,999,690
General Reserve	2,457,186
Reserve for Contingencies	2,500,000
Dividend on Ordinary Shares—	
3% Interim Dividend paid 1st December, 1937	5,107,905
4½% Final Dividend	7,715,880
	12,823,785
Balance carried forward to 1938	4,729,518
	fl. 27,510,179

The Profits of Subsidiary Companies are included in the above Account only to the extent to which they are

UNILEVER N.V. ROTTERDAM.

OF

YEAR ENDED 31st DECEMBER, 1937.

	fl.
PROFIT FOR THE YEAR 1937 INCLUDING DIVIDENDS AND TANTIEMES	
RECEIVABLE FROM SUBSIDIARY COMPANIES	24,473,576

fl. 24,473,576

NET PROFIT FOR THE YEAR 1937 brought down	23,217,516
---	------------

fl.

BALANCE brought forward from 1936	4,462,150
---	-----------

Less—Dividends for the month of December, 1936, on Fl. 29,000,000 7%

and Fl. 100,000 5% Cumulative Preference Shares	<u>169,487</u>
---	----------------

4,292,663

fl. 27,510,179

receivable as dividends and tantiemes. No losses have been incurred by Subsidiary Companies.

GEORG SCHICHT, *Governor.*

P. RYKENS, *Chairman.*

MACLETTON CONSOLIDATED
OF LEVER BROTHERS & UNILEVER LIMITED AND LEVER BROTHERS &
OF THESE TWO COMPANIES DIRECTLY OR INDIRECTLY

Conversions of amounts of Foreign Currencies into Sterling or Dutch Florins have been
 Conversions from Dutch Florins into Sterling

1936	AT 31st DECEMBER												1937	
£	ISSUED SHARE CAPITAL.												£	
	(EXCLUDING INTER-COMPANY HOLDINGS.)													
83,446,221	PREFERENCE	...	...	...	...	...	...	...	...	...	...	...	...	81,231,232
7,570,957	PREFERRED ORDINARY	...	...	...	...	...	...	...	...	...	...	...	...	8,199,491
	ORDINARY :													
	25,507,375	Parent Companies (rate Fl. 12 = £1)	...	...	...	...	...	...	...	...	...	...	£ 25,507,416	
	4,613,381	Subsidiary and Allied Companies	...	...	...	...	...	...	...	...	...	...	5,123,073	
30,120,756														30,630,489
100,000	DEFERRED	...	...	...	...	...	...	...	...	...	...	...	...	—
<u>121,237,934</u>														<u>120,061,212</u>

£	GENERAL RESERVES AND PROFITS CARRIED FORWARD.												£	
	(PARENT COMPANIES ONLY.)													
20,509,755	GENERAL RESERVES	...	...	...	...	...	...	...	...	...	...	...	...	21,388,889
1,759,700	BALANCES CARRIED FORWARD ON PROFIT AND LOSS ACCOUNTS	...	...	...	...	...	...	...	...	...	...	...	...	1,924,590
<u>22,269,455</u>														<u>23,313,479</u>

For the purpose of comparison, Lever Brothers Limited is treated in this instance as being a "Parent" Company at 31st December 1936. Consolidated figures are not given as it is impracticable to express in Sterling the value of fixed assets (in which part of the Reserves are invested) which are shewn in foreign currencies in the Balance Sheets of Subsidiary and Allied Companies.

£	LONG TERM CLAIMS AND LIABILITIES												£	
	(maturing later than one year hence and not included under Working Capital.)													
6,558,000	LONG TERM CLAIMS RECEIVABLE	...	...	...	...	...	...	...	...	...	...	...	...	6,685,000
	LONG TERM LIABILITIES :													
12,397,000	Debentures and Notes	...	...	...	...	...	...	...	...	...	...	...	...	13,555,000
3,225,000	Others	...	...	...	...	...	...	...	...	...	...	...	...	6,095,000
<u>15,622,000</u>														<u>19,650,000</u>

£	WORKING CAPITAL.												£	
	CURRENT ASSETS :													
41,598,000	STOCK IN TRADE at or below cost	...	...	...	...	...	...	...	...	...	...	...	...	47,513,000
18,582,000	DEBTORS AND PREPAYMENTS, less Reserves	...	...	...	...	...	...	...	...	...	...	...	...	19,739,000
3,539,000	MARKETABLE INVESTMENTS at or under Market Value	...	...	...	...	...	...	...	...	...	...	...	...	2,072,000
9,943,000	CASH AT BANK AND IN HAND AND SHORT TERM ADVANCES (including surplus cash in restricted currencies amounting to the equivalent of £41,000—1936 : £528,000)	...	...	...	...	...	...	...	...	...	...	...	...	11,068,000
73,662,000														80,392,000
33,518,000	CURRENT LIABILITIES including provision for all accrued and proposed Dividends	...	...	...	...	...	...	...	...	...	...	...	...	38,443,000
<u>40,144,000</u>														<u>41,949,000</u>

£	PENSION AND												£	
		33,300	MEMBERSHIP OF THE FUNDS						34,000					
4,751,000	FUNDS INVESTED OUTSIDE THE ORGANISATION	...	...	...	...	...	...	...	...	...	...	...	...	5,551,000
592,000	FUNDS INVESTED IN THE ORGANISATION	...	...	...	...	...	...	...	...	...	...	...	...	577,000
<u>5,343,000</u>														<u>6,128,000</u>

STATEMENT

UNILEVER N.V. AND ALL SUBSIDIARY AND ALLIED COMPANIES IN WHICH EITHER HOLDS 50 % OR OVER OF THE ORDINARY CAPITAL.

calculated at the Rates of Exchange of 31st December, and then reduced as deemed advisable.
have been calculated at a fixed rate of Fl. 9 = £1.

1936	FOR THE YEAR		1937
	PROFITS AND APPROPRIATION.		
£			£
12,562,783	AGGREGATE NET PROFIT after providing for Depreciation, Taxation and Interest on Debentures and Notes		12,749,991
	THIRD PARTY SHARE OF PROFITS OF SUBSIDIARY AND ALLIED COMPANIES :		
	5,112,515	PREFERENCE SHAREHOLDERS	£ 1,233,289
	1,209,076	PREFERRED ORDINARY SHAREHOLDERS	807,730
	1,004,377	ORDINARY SHAREHOLDERS	817,608
	50,277	HOLDERS OF CO-PARTNERSHIP PREFERENTIAL CERTIFICATES	—
7,376,245			2,858,627
	PROFIT ACCRUING TO THE PARENT COMPANIES. As shown on the Statement of Profits and Appropriations on page 6.		9,891,364
5,186,538			
	PREFERENTIAL DIVIDENDS OF PARENT COMPANIES :		
	604,856	PREFERENCE CAPITAL	4,426,836
	—	PREFERRED ORDINARY CAPITAL	457,462
604,856			4,884,298
4,581,682			5,007,066
	APPROPRIATION :		
	RETAINED :		
	THE COMPANIES' PROPORTION OF GENERAL RESERVES, INCREASE TO BALANCES CARRIED FORWARD ON PROFIT AND LOSS ACCOUNTS, SPECIAL APPROPRIATIONS AND RESERVES FOR CONTINGENCIES—		
	1,450,208	SUBSIDIARY AND ALLIED COMPANIES	735,323
	1,257,453	PARENT COMPANIES	1,652,095
2,707,661			2,387,418
	DISTRIBUTED BY PARENT COMPANIES :		
	1,874,021	DIVIDENDS ON ORDINARY CAPITAL	2,562,740
	—	DIVIDENDS ON CO-PARTNERSHIP PREFERENTIAL CERTIFICATES AND ON DEFERRED STOCK	56,908
1,874,021			2,619,648
4,581,682			5,007,066
	LAND, BUILDINGS, PLANT, ETC.		
£			£
4,155,000	CAPITAL EXPENDITURE (excluding cost of Fixed Assets owned by Companies acquired during the year) ...		5,466,000
4,549,000	DEPRECIATION		4,061,000
2,912,000	REPAIRS AND RENEWALS		3,039,000
	PROVIDENT FUNDS.		
£			£
374,000	COMPANIES' CONTRIBUTIONS TO PENSION AND PROVIDENT FUNDS		416,000
156,000	COMPANIES' CONTRIBUTIONS TO STATE SCHEMES		184,000
605,000	PENSIONS PAID BY THE COMPANIES SUPPLEMENTING THOSE PAID OUT OF THE FUNDS		577,000
519,000	SPECIAL PROVISIONS FOR FUTURE PENSION LIABILITIES		414,000
1,654,000			1,591,000

LEVER BROTHERS
&
UNILEVER
LIMITED.

ANNUAL REPORT
AND
STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED
31st DECEMBER, 1937.

NOTICE is HEREBY GIVEN that the ANNUAL GENERAL MEETING of the above-named Company will be held at Southern House, Cannon Street Station, London, E.C. 4, on Friday, the 13th day of May, 1938, at 11 a.m., for the following purposes, namely:—

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

The Transfer Books of the Company so far as they relate to the Ordinary Stock are closed and will remain closed up to and including the 7th May, 1938.

Dated the 27th day of April, 1938.

By Order of the Board,

L. V. FILDES,
M. G. DE BAAT, } *Secretaries.*
