

UNILEVER

REPORT & ACCOUNTS

1960

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UNILEVER

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UNILEVER N.V.

DIRECTORS

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SIDNEY J. VAN DEN BERGH - VICE-CHAIRMAN

GEORGE COLE - VICE-CHAIRMAN

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J. P. VAN DEN BERGH	J. F. KNIGHT
A. F. H. BLAAUW	ANDREW M. KNOX
A. D. BONHAM CARTER	D. J. MANN
A. W. J. CARON	J. F. VAN MOORSEL
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A. J. C. HOSKYNS-ABRAHALL	A. H. SMITH
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E. G. WOODROOFE	

ADVISORY DIRECTORS

H. M. HIRSCHFELD

J. M. HONIG

K. P. VAN DER MANDELE

PAUL RIJKENS

J^{HR.} J. A. G. SANDBERG

SECRETARY

E. A. HOFMAN

AUDITORS

PRICE WATERHOUSE & Co.

COOPER BROTHERS & Co.

This is a translation of the original Dutch report.

SALIENT POINTS

All figures relate to the N.V. and LIMITED Groups combined

1959		1960
Fl.		Fl.
19,016,000,000	TURNOVER	19,650,000,000
14,140,000,000	OF WHICH THIRD PARTY SALES. . .	14,757,000,000
1,207,000,000	TRADING PROFIT	1,113,000,000
594,000,000	TAXATION FOR THE YEAR	571,000,000
43,000,000	EXCEPTIONAL PROFITS.	20,000,000
640,000,000	CONSOLIDATED NET PROFIT.	553,000,000
146,000,000	ORDINARY DIVIDENDS	155,000,000
20%	N.V.	21%
4s. 6.5d.	LIMITED (PER £ 1 OF CAPITAL)	4s. 10.9d.
454,000,000	PROFIT RETAINED IN THE BUSINESS. . .	358,000,000
6,140,000,000	CAPITAL EMPLOYED.	6,473,000,000
439,000,000	EXPENDITURE ON FIXED ASSETS (NET). .	538,000,000
271,000,000	DEPRECIATION	290,000,000

In comparing the results for 1960 with those for 1959 regard should be had to the changes in basis of accounting described on page 34.

UNILEVER N.V. and UNILEVER LIMITED are linked by a series of agreements of which the principal is the Equalisation Agreement. This, inter alia, in effect equalises the rights of the ordinary capitals of the two companies as to dividends and, on liquidation, as to capital value, on the basis of Fl. 12 nominal of N.V.'s ordinary capital being equivalent to £ 1 nominal of LIMITED's ordinary capital.

REPORT OF THE DIRECTORS FOR THE YEAR 1960

*to be submitted at the General Meeting of Shareholders
to be held at Rotterdam on 27th April, 1961*

The Directors submit their Report and Accounts for the year 1960. As usual, these combine the results and operations of the two Groups, UNILEVER N.V. ("N.V.") and UNILEVER LIMITED ("LIMITED"), with the guilder equivalents of all LIMITED figures calculated at the official parity at 31st December last, i.e. £ 1 = Fl. 10.64.

RESULTS

Turnover, particulars of which are shown on pages 12 and 13, was up (Fl. 19,650,367,000 in 1960 against Fl. 19,015,776,000 in 1959), but trading profits fell by Fl. 94,006,000, from Fl. 1,207,196,000 in 1959 to Fl. 1,113,190,000 in 1960. After charging taxation of Fl. 570,635,000 (1959, Fl. 593,765,000) the consolidated net profit in 1960 was Fl. 553,087,000 compared with Fl. 639,730,000 in 1959. The 1960 profit, without the changes in accounting practice described on page 34, would have been Fl. 543,681,000.

To see these figures in their proper perspective, three features of the year must be remembered. First, the rapid economic expansion throughout the world which had characterised 1959 was checked in 1960. Secondly, 1960 was a year which saw ever-increasing competition in nearly all our spheres of operation, and particularly Western Europe and the United States. And finally, Europe experienced the very reverse of the exceptionally hot summer which, in 1959, had helped some of our product groups, particularly ice cream.

The upshot was that in contrast to 1959, when we were able to report an improvement in trading profits on all sides of the business, we experienced in 1960 a set-back in profits on detergents, ice cream, and toilet preparations.

Profits on edible fats were again better, in spite of difficulties in the Netherlands, but oil milling suffered from falling world prices.

Profits on quick-frozen foods and dry soups continued to increase, but some of our other food businesses had a less successful year.

Profits on animal feeding stuffs were rather lower than in 1959 but it was encouraging that we managed to exceed slightly the high tonnage in that year.

There was a further improvement to report for the United Africa Group, but their business in the Congo suffered a set-back, as did our other interests in that country, particularly the plantations.

The contribution to profits of our businesses in North America again increased, but only marginally.

All these mixed experiences resulted in an 8% fall in combined trading profits following the 24% improvement last year.

Profit for the year after taxation, but before deducting loan interest, was equivalent in 1960 to 8.7% on the capital employed as against 10.3% in 1959. The returns on capital employed and on turnover for the last ten years are shown on page 27.

DIVIDENDS

The proposed appropriations of the profits of the Parent Companies are shown in the consolidated profit and loss account (statement A). Interim dividends in respect of 1960 were paid on 15th December last on the ordinary capitals at the rate of 8% for N.V. and 1s. 9.7d. per £ 1 of stock, or 9.04%, before deducting income tax for LIMITED. Following the revaluation of the Dutch Guilder on 6th March 1961 and the consequent alteration of the rate of exchange between the £ Sterling and the Guilder, the Directors have revised their intention as to final dividends and as announced on 14th March now recommend the payment of final ordinary dividends of 13% for N.V. and 3s. 1.2d. per £ 1 of stock, or 15.50%, for LIMITED, both payable as from 12th May, 1961. This will make total dividends for 1960 of 21% (1959: 20%) for N.V. and 4s. 10.9d. per £ 1 of stock, or 24.54% (1959: 4s. 6.5d. or 22.71%), for LIMITED, and these are equivalent in value under the terms of the Equalisation Agreement.

After payment of the final ordinary dividends for 1960, an amount of Fl. 357,560,000 remains to be added to the profits retained in the business which, after taking into account the adjustments set out in statement C, will then amount to Fl. 3,520,105,000.

THE CONGO

Last year we reported that in the former Belgian Congo business had been hampered by riots, tribal disturbances and strikes in 1959, but these turned out to be the merest foretaste of what was to come in 1960. The troubles that have beset that unhappy country since it achieved independence on July 1st last year are only too well known.

Unilever's interests in the Congo comprise merchandise trading, through the United Africa Group, plantations, ranches and the manufacture of soap, edible oils and fats. These assets now represent less than 4% of Unilever's total resources and in a normal year contribute a rather smaller proportion of its total profits. But the second half of 1960 was far from normal, and the whole internal trade of the territory was disrupted. We suffered some damage to property in the early days of independence, mostly caused by the looting of stocks in one or two places, and our trading operations quickly met with difficulties created by the interruption of imports, a scarcity of import licences, depletion of stores and default by debtors. By the end of the year the general picture was one of a steady disintegration of the economy, with complete economic breakdown just round the corner.

Nevertheless, if order can be restored, our businesses in the Congo can yet have a satisfactory future. Even in the period since 1st July, whenever conditions were anything like normal our trading and manufacturing operations were able to continue on a reasonably satisfactory basis and production from the plantations was maintained. There is no doubt that the effort that has been made to keep the businesses going has been appreciated in the Congo itself.

Most encouraging of all has been the behaviour of our staff, both European and African, which has been worthy of the highest praise. They have had to face discomfort, danger and on occasion the threat of death itself and they have responded magnificently to the ordeal.

Unfortunately, the opening weeks of 1961 have brought no improvement in the general situation. Indeed, in many areas it has deteriorated, but with the many efforts now being made it is hoped that more normal conditions will prevail.

Full provision has been made in the Accounts for all known losses with the result that we take up a net loss for the Congo in 1960 of Fl. 1.4 million compared with a net profit in 1959 of Fl. 19.5 million.

PLANTA IN THE NETHERLANDS

When in August, 1960, thousands of people in the Netherlands suddenly showed symptoms of a hitherto unknown skin disorder, this was imputed to an ingredient which our Dutch subsidiary Van den Bergh en Jurgens N.V. had

added to Planta margarine to reduce the spattering of the margarine when used for frying. Investigations at a number of scientific institutions, including Government and University laboratories, have so far failed to explain the apparent link between the ingredient and the illness. Regrettable as it is that so many people should have suffered in this way, in most cases the illness happily took a comparatively mild form.

As was announced at the time, the Directors, in order to inform themselves fully of all the circumstances, invited Dr. W. Drees, former Prime Minister, Mr. W. H. de Monchy, President of the Rotterdam Chamber of Commerce, and Dr. Paul Rijkens, former Chairman of the Board of Unilever N.V., to enquire whether the introduction of the new anti-spattering agent had been accompanied by all the precautions which a business like Unilever might reasonably be expected to take. This Committee has not yet submitted its findings, nor has the judicial investigation instituted by the authorities yet been concluded.

The direct losses which have resulted from this episode are estimated at a maximum of Fl. 7.5 million. This amount has been charged against the profits for 1960. It includes the cost of buying back margarine from customers and the compensation which, irrespective of the question of legal liability, has been offered by Van den Bergh en Jurgens N.V. to those who have suffered from the complaint. The indirect losses such as those resulting from a reduction of turnover—which, it is hoped, will be only temporary—cannot easily be measured in figures.

CHANGES IN CAPITAL

During 1960, n.v. issued a nominal amount of Fl. 1,198,000 ordinary capital in connection with the extension of our holding in “Nordsee” Deutsche Hochseefischerei G.m.b.H. at Bremerhaven, and a nominal amount of Fl. 15,960,000 6% cumulative preference capital in connection with the acquisition of the share capitals of Lucas Aardenburg N.V., Hoogeveen, a canning and quick-freezing business, N.V. Stoomzuivel- en Roomijsfabriek de Hoop, Onnen near Groningen, an ice cream factory, and Koninklijke Maatschappij “De Betuwe” N.V., Tiel, which specialises in jams and preserves.

THE BACKGROUND

1960 was a year marked by a downward turn in the economy of the United States, and in the second half of the year the rate of expansion in Western Europe slowed down. Prices of primary products began to fall.

Trade among European countries was stimulated by greater freedom within the two economic groups: the European Economic Community and the Euro-

pean Free Trade Association. Unfortunately there has been no real progress towards integration of the two blocs, and uncertainty about the ultimate shape and membership of the economic areas is making it difficult for European industry to plan the future deployment of its resources.

The significant changes in taxation during the year included an increase in the rate of United Kingdom profits tax from 10% to 12½%: Belgium, Turkey, Australia and Argentina also increased their taxes on profits. Ceylon imposed a surcharge of 15% on all taxes. In Pakistan there were substantial reductions in the taxes on profits and dividends. Taxes were also reduced in Finland and Sweden.

MATERIALS

So far as materials for Unilever products were concerned, the main features of the year were as follows:—

OILS AND FATS

Prices generally were lower than in 1959. Coconut oil, United States soya bean oil and cottonseed oil were on the average cheaper than in 1959, but groundnut oil, although it fell gradually from its peak at the beginning of the year, was dearer. Palm oil was a fairly steady market. The net effect of the price changes towards the end of the year was to narrow the differentials between alternative materials. Since then the prices, particularly of liquid oils, have risen sharply.

The prices (per ton) of the principal raw materials are shown in the following table:—

	January 1960	March 1960	June 1960	September 1960	December 1960	February 1961
	£	£	£	£	£	£
Philippine Copra	93	87	70	62	62	64
Palm Kernels	71	65	57	51	51	51
Groundnut Oil	121	124	119	116	109	127
Palm Oil (Congo)	85	81	80	78	79	83
Cottonseed Oil (U.S. crude)	85	81	88	82	88	110
Lard (U.S.)	68	75	83	80	89	112
Soya Oil (U.S. crude)	75	72	81	82	91	110

World exports of edible and soap-making oils and fats were 9½% up on 1959, increased shipments of liquid oils, lard and tallows from the United States more than making up for reduced supplies of West African groundnuts. The Philippines also exported more copra. Supplies in 1961 are expected to be adequate.

GRAINS, ETC.

Prices of raw materials used in compound feeding stuffs were on average slightly below those of 1959, the decline being mainly in oilcake and meal,

with grains showing little change. Contrary to the usual seasonal pattern, prices fell sharply in the last quarter after rising in the middle of the year.

OTHER MATERIALS

Supplies of detergent alkylate were adequate and there was no significant change in price. Tripolyphosphate was cheaper but prices of other chemicals showed little change.

Prices of materials used in our food products tended to be a little above those of 1959.

The demand for carton board continued to be strong and prices rose slightly, but prices of paper and fibre board did not change much in the course of the year.

TURNOVER

The spread of turnover over the different commodity groups and other sections of Unilever operations is given in the following table, from which it will be seen that the increase in sales to third parties was proportionately greater than that in the total turnover.

1959			1960			
%	Fl.	Tons		Tons	Fl.	%
16	2,959,431,000	1,653,000	Margarine, edible oils and fats . . .	1,751,000	3,149,089,000	16
17	3,277,450,000	1,787,000	Soap and other detergents	1,788,000	3,238,890,000	16
23	4,339,513,000	3,723,000	Oils and fats mainly for use within the organisation	3,846,000	4,379,679,000	22
12	2,301,921,000		Fresh, quick-frozen, canned and other processed foods, including ice cream		2,462,660,000	13
2	404,958,000		Toilet preparations, including perfumes		438,145,000	2
9	1,661,777,000	4,927,000	Animal feeding stuffs	4,959,000	1,679,460,000	9
5	858,308,000		Miscellaneous manufactures, including glycerine		938,118,000	5
4	812,247,000		Produce (mainly tropical produce handled by the United Africa Group), including timber products		733,756,000	4
11	2,155,483,000		Merchandise (mainly handled by the United Africa Group)		2,353,887,000	12
1	244,688,000		Services (including ocean, river and road transport)		276,683,000	1
<u>100</u>	<u>19,015,776,000</u>		Total value		<u>19,650,367,000</u>	<u>100</u>
	Fl.		Represented by:		Fl.	
	14,140,134,000		Sales to third parties		14,757,339,000	
	4,522,107,000		Supplies of marketable products and services within the organisation . .		4,570,412,000	
	353,535,000		Value of produce purchased for the West African Marketing Boards .		322,616,000	
	<u>19,015,776,000</u>				<u>19,650,367,000</u>	

Supplies of marketable products—for use as raw materials—and services by one industry to other industries within the organisation are included to provide a proper ratio of turnover to capital employed and profits earned.
Produce purchased for the West African Marketing Boards is included on the basis of prices controlled by statutory bodies.

The geographical pattern of the turnover was as follows:—

	1958		1959		1960	
	Fl.	%	Fl.	%	Fl.	%
Europe	11,129,833,000	60	11,611,613,000	61	11,926,429,000	61
North and South America . .	2,367,421,000	13	2,481,929,000	13	2,474,428,000	13
Africa, Middle East and Australasia	1,020,791,000	6	980,965,000	5	1,071,086,000	5
The Orient	858,425,000	5	954,249,000	5	1,041,135,000	5
The United Africa Group . .	3,012,004,000	16	2,987,020,000	16	3,137,289,000	16
Total	<u>18,388,474,000</u>	<u>100</u>	<u>19,015,776,000</u>	<u>100</u>	<u>19,650,367,000</u>	<u>100</u>

MARGARINE AND OTHER EDIBLE FATS

Sales for the last three years (in tons) were:—

1958	1959	1960
1,605,000	1,653,000	1,751,000

Our sales in most countries increased and total profits rose.

EUROPE

Butter production in Europe was higher than in 1959 when drought reduced supplies. Stocks of butter accumulated in 1960, particularly in the United Kingdom, where consumption remained at about the previous year's level.

In the United Kingdom, sales of our top quality margarine, Blue Band, more than doubled and those of Summer County also increased. Stork continued to hold its leading position and sales of cooking fat were maintained in spite of a declining market.

The Planta trouble, referred to on pages 9 and 10, caused a set-back in the Netherlands, but in other countries on the Continent progress was good.

In Germany, sales of Rama again increased and the premium brand we launched in France in 1958 is now well established. In Finland, in spite of strong competition, we sold more than in 1959.

We entered the edible fats market in Spain by acquiring an interest in Agra S.A. Acidos Grasos y Derivados at Bilbao and extended our interests in Margarinbolaget AB in Sweden. In Turkey our productive capacity was expanded to cope with increased demand.

NORTH AMERICA

Sales of margarine showed little change and those of "shortening" (cooking fats) fell slightly.

OTHER OVERSEAS COUNTRIES

In India, we met with increased competition from cheaper products and sales dropped, but not much. In Indonesia, on the other hand, with raw materials more plentiful, they increased sharply. Sales improved in Australia, too, and in South Africa and Pakistan.

SOAP AND OTHER DETERGENTS

Sales for the last three years (in tons) were:—

1958	1959	1960
1,740,000	1,787,000	1,788,000

Sales in 1960 just topped the 1959 figure but, with very severe competition in most of our more important markets, profits were lower.

EUROPE

In the Netherlands, total tonnage was maintained, and it was a good year for both Sunil, a synthetic washing powder, and Vim, a scouring powder.

In the United Kingdom, Persil*) again increased its tonnage and held its position at the head of the market, but both the synthetic washing powders, Omo and Surf, lost some ground. Among liquid detergents the progress of Lux Liquid was excellent.

In France, the year began with large stocks in the shops and this, combined with strong competition, resulted in lower sales and a trading loss. In Italy, too, we had a disappointing year.

In Germany, our leading synthetic powders, Sunil and Suwa, lost some share of the market, but with the introduction of Omo and the continued growth of Lux Liquid, total sales were satisfactory.

In Belgium, Sweden and some other European countries, our synthetic products did well.

NORTH AMERICA

In the United States, competitors won back some of the ground which they had lost to us in previous years and sales were lower. Vigorous efforts are, however, being made to develop a number of new and improved products.

*) Persil is one of our brands in the British Commonwealth, France and elsewhere, but not in the Netherlands, Belgium, Germany and several other countries.

OTHER OVERSEAS COUNTRIES

In India, both Sunlight and Lifebuoy did well. Sales were also better in Indonesia, and would have been better still if some imported ingredients had been more freely available.

Sales in Australia were maintained in the face of heavy competition and in South Africa and New Zealand we won a better share of the market. In Malaya and the Philippines our hard soaps had a good year, while in Nigeria our trade showed a welcome recovery.

By the acquisition in August of Companhia Gessy Industrial, of Sao Paolo, one of the leading manufacturers of soap and toilet preparations, we have greatly strengthened our position in Brazil, particularly in the detergent field.

FOODS

Sales for the last three years were:—

1958	1959	1960
Fl. 2,019,717,000	Fl. 2,301,921,000	Fl. 2,462,660,000

With standards of living rising, the housewife spends more of her income on "convenience foods" where much of the labour of preparation has been done for her in the factory. But competition for her favours has sharpened and this has meant narrower profit margins.

QUICK-FROZEN FOODS

These have again made satisfactory progress, particularly in the United Kingdom, where Birds Eye continued to expand their range of products and to increase sales and profits.

The business in the Netherlands and Belgium is coming along well. We changed the brand name for our products in the Netherlands from Vita to Iglo, a name we can use internationally.

In Germany, we have started operations after exhaustive market tests.

In New Zealand, our interests have been widened by the acquisition by the Birds Eye company of New Zealand Packing Corporation and the subsequent merger of the two businesses with substantial canning and freezing interests of the Butland business, a well known New Zealand concern.

In the United States, where competition in the field of quick-frozen ready-to-eat meals is very strong, the results of the Dinner-Redy Corporation have been disappointing.

SOUPS

Total sales of soup mixes, and their profits, were higher than in 1959 in spite of keen competition. Success was marked in France, Canada, Australia and South Africa, and in the United States sales exceeded the high level of the previous year. In Argentina, we extended our range of products with encouraging results.

With canned soups—another field in which competition has grown more intense—we have successfully engaged in a vigorous marketing effort both in the Netherlands and Belgium and we are now selling these soups in some other Continental countries. In Sweden, a small canning business, Gustaf Bong AB at Ystad, mainly concerned with soups and vegetables, was acquired.

ICE CREAM

Sales and profits in Europe were affected by the wretched summer, which from mid-June onwards was wetter than usual. Besides the new business in the Netherlands, new businesses have been acquired in Denmark and Austria, namely the ice cream interests of A/S Frisko Fløde Is at Copenhagen and “Miag” Milchindustrie- und Agrargesellschaft m.b.H. at Vienna.

In Australia, we have bought a second ice cream business, Streets Ice Cream Limited, which, with the small company acquired in 1959, gives us a substantial stake in the Australian ice cream market.

The South African business begun in 1959 has continued to make progress.

CANNED PRODUCTS AND PRESERVES

As already reported, two food companies were bought in the Netherlands, Lucas Aardenburg N.V. and Koninklijke Maatschappij “De Betuwe” N.V., and their operations fit in well with our existing food businesses in this country.

In the United Kingdom, our importing business could not be expected to match the exceptional trade that it had done in 1959 in canned salmon which was among the dollar imports freed from government restriction towards the end of 1958. Nevertheless, both sales and profits were satisfactory. Batchelors Foods Limited again found it hard going.

FISH

In the United Kingdom, where fish landings were down by about 5% and prices rose, Mac Fisheries did not find it an easy year; the scope of their activities is being broadened.

In Germany, our retail and wholesale businesses did well, but results on the trawling side were disappointing.

In Austria, we regained control of our fish business, which had been lost as a result of the war.

MEAT PRODUCTS

Sales in both the Netherlands and the United Kingdom showed a satisfactory increase.

TEA

In the United States, both turnover and profits increased and we made progress with instant tea.

CHEESE

In Germany, sales of processed cheese made satisfactory progress.

The introduction of this product in Italy has been a success.

OTHER FOOD PRODUCTS

Sales of our sundry food products in Europe were satisfactory.

In the United States, our sales of salad dressings have improved, but those of the whipped topping, Lucky Whip, were not maintained.

TOILET PREPARATIONS

Sales for the last three years were:—

1958	1959	1960
Fl. 367,367,000	Fl. 404,958,000	Fl. 438,145,000

The increase in the sales of toilet preparations is attributable mainly to the introduction of our striped toothpaste into a number of countries, and the extension of our range of shampoos. The cost of developing and launching these products has, of course, been considerable.

EUROPE

In the United Kingdom, the launch of the striped toothpaste Signal proved a great success, and it quickly established itself among the market leaders, while SR and Pepsodent both made progress too. Among other products introduced in 1960, the two new shampoos, Clinic and SunsilK Tonic, sold well.

On the Continent, Signal toothpaste was launched in Denmark and Finland, and is being test-marketed in several other countries. Our shampoos, which now include new varieties, have sold well in Germany, Italy, Switzerland and Austria. In Germany, sales of our hair creams continued to increase.

NORTH AMERICA

With fierce competition, sales of Pepsodent and Stripe toothpastes fell below their 1959 levels in the United States, but in Canada sales of both brands increased.

OTHER OVERSEAS COUNTRIES

The striped toothpaste was successfully launched in Australia and South Africa. Pepsodent toothpaste continued to sell well in South Africa, New Zealand and Indonesia, and has recently been introduced in Argentina.

ANIMAL FEEDING STUFFS

Sales for the last three years (in tons) were:—

1958	1959	1960
4,559,000	4,927,000	4,959,000

In 1960 we slightly exceeded the high tonnages sold in 1959, but trading margins were rather lower.

In the United Kingdom, sales of cattle and calf foods were maintained, but because of the continued decline in pig numbers and a reduction in pullets, we sold less pig and poultry foods. Sales of broiler foods, however, increased with the continued growth of the broiler industry.

Sales of animal feeding stuffs were maintained in the Netherlands, but fell in Germany.

In France, we acquired a majority interest in two compound feeding stuffs businesses, Société Technique d'Alimentation Rationnelle S.A., at Château-la-Vallière, and S.A. R. Boivin & Cie., at Pontanevaux. These businesses are mainly concerned with poultry foods.

OTHER INTERESTS

NETHERLANDS

Unilever-Emery N.V., mentioned last year, went into production in 1960.

An interest has been acquired in N.V. P. F. van Vlissingen en Co's Katoenfabrieken at Helmond. A large part of the production of the company goes to the United Africa Group.

UNITED KINGDOM

In spite of competition, sales of Crosfield's chemicals and Price's oleochemicals were maintained in 1960, but profits were not up to the 1959 level.

John Knight's tallow and glue business found no relaxation of the fierce competition that prevails in this field and was unable to improve its results.

A new company—Unilever Merseyside Limited—was set up to take over management of Bromborough Dock and the operation of transport and power facilities for the Port Sunlight area, thus leaving our manufacturing companies in the area free to concentrate on production. The company has also taken over the administration of the Port Sunlight estates.

GERMANY

Our paper and packaging businesses and printing works in Germany made further progress and profits increased.

DENMARK

The profits of our printing works in Denmark improved.

PLANTATIONS

The total planted area of our plantations in the Congo, Nigeria and the Cameroons, Ghana, Gaboon, Malaya, and the Solomon Islands was 87,000 hectares at the end of 1960, compared with 81,000 hectares in 1959.

Production in all areas rose; even in the Congo the 1959 production was exceeded, although with the political and labour unrest we fell slightly short of our estimates. Production of the main crops (in tons) for the last three years has been:

	1958	1959	1960
Palm Oil	66,500	69,500	72,700
Palm Kernels	31,000	32,000	33,200
Rubber	7,600	9,100	9,400
Copra	5,600	5,100	5,200

Despite higher production in 1960 the value of produce sold, at Fl. 92 million, fell slightly, because selling prices for all products, with the exception of rubber, were lower. Profits fell in 1960, mainly because of increased operating costs, particularly in the Congo, where local conditions saddled us with exceptional expenses.

The main new project started in 1960 was a 2,400-hectare oil palm venture in British North Borneo. Work has already begun on surveying, clearing and the setting up of our headquarters and the first planting will be made in 1961.

UNITED AFRICA GROUP

The economic climate was favourable in most territories, except where political disruption and uncertainty affected trading conditions and business

confidence as in the Congo, Commonwealth East Africa, Mali and Guinea. These factors inevitably had their effect on turnover, as did the continued deliberate withdrawal from produce activities in many areas. Total turnover (merchandise sold, produce handled and services supplied) increased from Fl. 2,987 million to Fl. 3,137 million. Results of ventures in which the Group is not a majority shareholder are not included in these figures, which to that extent understate the overall growth of the Group's operations. The value of produce handled fell by Fl. 78 million to Fl. 638 million. This was more than offset by a rise in merchandise sales of Fl. 191 million to Fl. 2,330 million. The Group's trading profits were somewhat higher than in 1959 and yields on capital employed improved.

COMMONWEALTH WEST AFRICA

Conditions for trade were good in Commonwealth West Africa, where traditional trading activities continue to provide much of the United Africa Group's turnover and profits, though the development of modern marketing techniques and industrial investment gathered further momentum in 1960.

The Group continues to encourage local industry, having during the year invested in ventures concerned with the production, marketing and distribution of cement, mattresses, aluminium products, beer, stationery, plastics and cosmetics. The food processing and packing side of the business was further developed during the year. The Kingsway Stores at Lagos continue to be expanded and a new suburban store at Apapa is to be opened early in 1961. The motor business earned satisfactory profits; the vehicle assembly plants were hampered by shortage of imported supplies.

FRENCH-SPEAKING TERRITORIES

Political developments in Guinea, which brought the United Africa Group's business almost to a standstill, partly offset favourable conditions in most other French-speaking territories. In the latter merchandise sales were up, while the volume of produce handled was maintained despite withdrawal from buying in certain territories. Total profits improved.

EAST AFRICA

The political atmosphere and tighter credit affected both the sales and profits of the United Africa Group's business. The motor business failed to show a profit. A light engineering business has been acquired.

TURKEY, MIDDLE EAST AND NORTH AFRICA

The new Iraqi company formed last year to take over our import business has made good profits, but the business in Turkey cannot yet be said to be satisfactory.

TRANSPORT

Palm Line brought two new vessels into service in 1960 and now has a total of twenty-one ships. Six are completely manned by African ratings. Two obsolete vessels were sold. Three new ships are due to join the fleet in 1961. Business was hampered by serious port delays caused by congestion and strikes, but the volume of total traffic carried was maintained.

The cargo handled by the Group's Niger river transport in West Africa fell because of reduced groundnut and cotton crops, and results were unsatisfactory.

TIMBER OPERATIONS

With improved market conditions, production and sales of timber were a record, and profits were well up. The Ghana plymill is scheduled to begin operation in the late spring of 1961. An existing timber business, which had concessions adjoining those of the Group, was acquired in Nigeria.

EXPORTS

Our export sales from the Netherlands and the United Kingdom (including United Africa Group merchandise) were:—

	1958	1959	1960
Netherlands . . .	Fl. 330,521,000	Fl. 350,333,000	Fl. 378,795,000
United Kingdom .	Fl. 551,907,000	Fl. 593,137,000	Fl. 606,544,000

The value of our exports from the Netherlands continued to increase; sales of edible fats showed a substantial rise and those of foods, particularly quick-frozen, also did well.

In spite of a slight reduction in our exports of detergents from the United Kingdom, trading profits showed a further improvement. Exports of edible fats, other food products and toilet preparations increased.

The United Africa Group's exports of merchandise from the Netherlands and the United Kingdom were also higher than in 1959.

RESEARCH AND DEVELOPMENT

Extensions to our research centres at Vlaardingen, and at Colworth House, Bedfordshire, in the United Kingdom, were completed during the year and are now manned by scientific staffs. Further extensions at Vlaardingen are planned and the first steps have been taken for the establishment of a laboratory in the south of England, to which our research on edible oils, margarine and

ice cream will be transferred from Port Sunlight. The space made available at Port Sunlight will be used to increase our research on detergents; the extensions at Vlaardingen will be used for the same purpose, and also for research in the biological and bio-chemical fields. Plans are under consideration for a food laboratory in the Netherlands and for a new laboratory in Germany to centralise our research efforts in that country. A group of Indian scientists is carrying out research in Bombay in support of Hindustan Lever Limited.

Over the last two years the number of staff employed on research and development throughout the world has increased by nearly 40%, and by the end of 1960 the total was approximately 3,600.

FINANCE

Our cash resources (bank balances and investments, less short term borrowings) declined by Fl. 283 million, from Fl. 864 million to Fl. 581 million, in 1960.

Investments paid for in cash, of which the main items are mentioned elsewhere in this Report, absorbed Fl. 172 million, compared with Fl. 52 million in 1959. Working capital increased, following the net decline over the two previous years.

The movements in 1960 can be summarised as follows (Fl. millions):—

SOURCE OF FUNDS:

Profits retained provided	358
Depreciation charged against profits amounted to	290
Other sources contributed.	<u>32</u>
So that available funds were	680

USE OF FUNDS:

Expenditure on fixed assets (net) was	538
Other investments paid for in cash cost	172
Working capital other than cash increased by	<u>253</u>
Thus, total funds absorbed were	<u>963</u>
and cash decreased by	<u><u>283</u></u>

Capital expenditure, at Fl. 538 million, was at a much higher rate than in recent years (1958: Fl. 429 million; 1959: Fl. 439 million). Our estimated capital expenditure for 1961 is again higher than last year.

We expect our financial resources to be sufficient to meet requirements for 1961.

CAPITAL PROJECTS

Several major projects were completed during 1960. In the Netherlands, a new office building for N.V. H. Hartog's Fabrieken and Unox N.V. was opened at Oss. In the United Kingdom, the new ice cream factory at Gloucester went into production and the first phase of the reconstruction of the margarine factory at Bromborough was completed. In Germany, the new ice cream factory at Heppenheim started production, as did a new synthetic detergents plant at Mannheim. In Finland, the new oil mill was completed. Palm Line took delivery of two new cargo vessels for its West African service. The new soap factory at Rangoon is now operating and in Trinidad the new soap and edible factory at Champs Fleurs is now in full production.

Projects involving an expenditure totalling Fl. 617 million were approved in 1960; the most important are listed below:

MARGARINE AND OTHER EDIBLE FATS:	Fl.
Modernisation of margarine plant at Bahrenfeld, Germany	3,830,000
SOAP AND OTHER DETERGENTS:	
Facilities for production in the Netherlands, Great Britain, Belgium, France, Switzerland, Austria, Denmark, Finland, U.S.A., Canada and New Zealand	31,000,000
Erection of factory at Tema, Ghana	14,200,000
Erection of factory at Rouiba, Algeria	8,900,000
Third stage of factory reorganisation and extension programme—reconstruction of production facilities at Warrington, Great Britain	8,100,000
FOODS:	
Extension of processing and storage facilities for quick-frozen foods in:	
The Netherlands	10,400,000
Great Britain and Northern Ireland	39,700,000
Manufacturing, storage and distribution facilities for ice cream in:	
Great Britain	19,500,000
Germany	11,100,000
France	7,900,000
Belgium, Austria, Portugal, South Africa, Nigeria and Australia	8,100,000

	Fl.
Purchase and modernisation of Mac Fisheries' shops in Great Britain	7,400,000
Further development of meat factories, London and Godley, Great Britain	4,300,000
Buildings and plant for freeze drying in Great Britain and the U.S.A.	2,500,000
Factory for preparation of vegetables for dried soups near Poitiers, France.	2,600,000
Facilities for dehydrated foods in Great Britain and Northern Ireland	3,500,000
Facilities for additional broiler chicken production in Great Britain	3,400,000
OIL MILLING AND ANIMAL FEEDING STUFFS:	
Modernisation and extension of compound manufacturing and warehousing facilities in Great Britain	18,700,000
Share of joint venture in oil extraction plant, Finland. . . .	2,700,000
CHEMICALS:	
Facilities for production of oleochemicals, including ozonization and esterification plants, at Gouda, Netherlands.	14,400,000
Fatty acid plant:	
Bromborough, Great Britain	4,300,000
Emmerich, Germany.	2,600,000
PAPER AND PACKAGING:	
Extension and modernisation of plant in the Netherlands and Germany	8,800,000
Printing works, Vienna, Austria	4,700,000
PLANTATIONS:	
Rubber plantation, including factory and housing, Bongimba, Congo	4,400,000
Oil palm plantation, including mill and housing, Sandakan, North Borneo	14,200,000
GENERAL:	
Motor vehicles (less sales of old vehicles)	57,600,000
Barges, lighters, river craft and two ocean vessels.	23,000,000

	Fl.
Storage and distribution depots in Great Britain	8,000,000
Housing and welfare facilities for employees	11,200,000
Offices for Birds Eye, Walton-on-Thames, Great Britain. . .	16,000,000
Extension of research laboratory, Vlaardingen, Netherlands .	3,200,000
Site for office building, New Jersey, U.S.A.	3,400,000

PENSIONS

The Companies' pension contributions and other payments for employees' retirement and death benefits amounted in 1960 to Fl. 150 million.

The assets of the Unilever Pension and Provident Funds increased during 1960 from Fl. 1,287 million to Fl. 1,436 million. These Funds cover 114,000 employees.

In accordance with the changes in accounting practice described on page 34, a provision of Fl. 103,284,000 has been entered in the Balance Sheet under the heading of "Deferred Liabilities" to cover the Companies' commitments for unfunded retirement benefits.

MEMBERSHIP

At 31st December, 1960, the number of stockholders in LIMITED was 188,005. Nearly all the share capital of n.v. is represented by bearer scrip and the number of members cannot be ascertained.

DIRECTORS

In August, 1960, the death occurred of Mr. H. L. Woltersom, who had been an Advisory Director of n.v. since 1941. We record our appreciation of his services to the Company.

Mr. F. D. Morrell has stated that for reasons of health he has decided not to seek re-election. Mr. Morrell, who started in the business with Lever Brothers Limited at Port Sunlight in 1927, has been a member of the Boards of n.v. and LIMITED for more than 12 years, and his colleagues, in recording their appreciation of his services, greatly regret their premature termination.

Since the last Annual General Meeting Mr. A. J. C. Hoskyns-Abrahall has been elected a Director of n.v. and LIMITED.

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

AUDITORS

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

ROTTERDAM, 14th March, 1961.

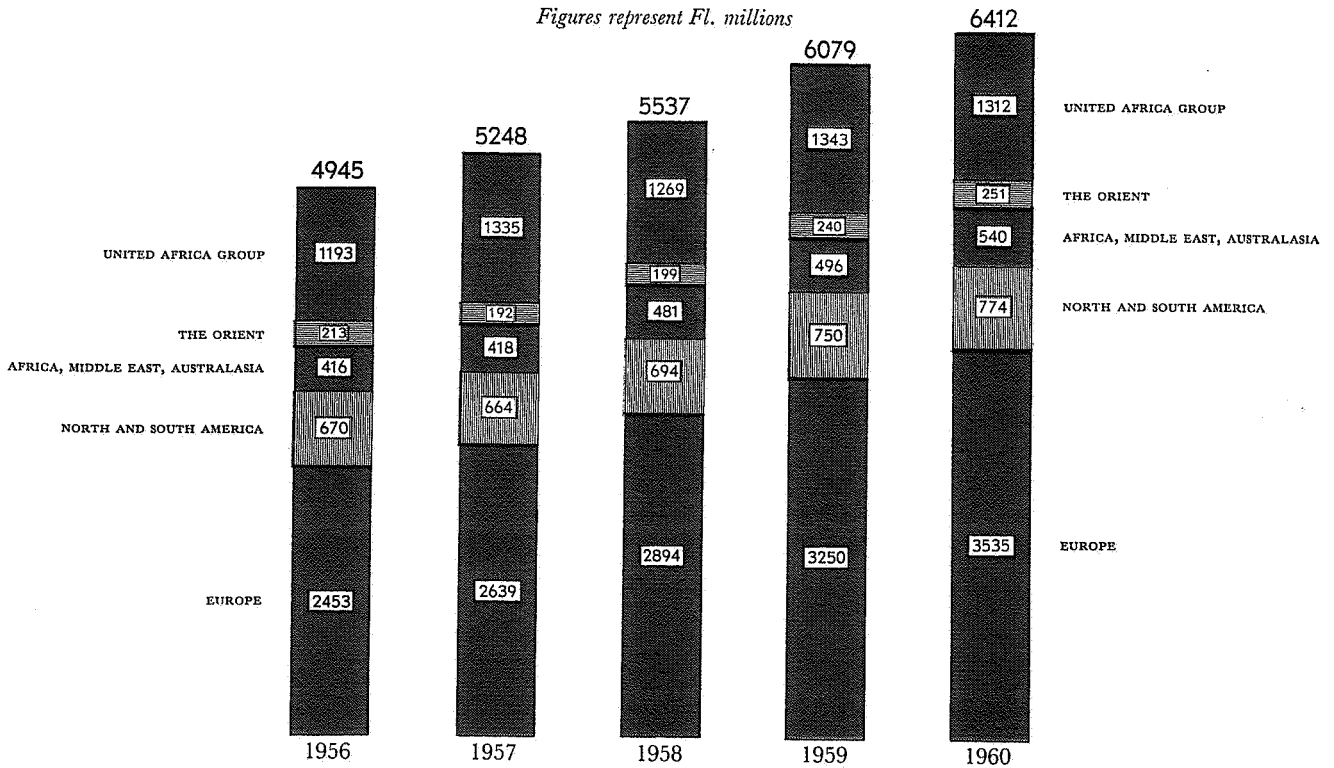
ON BEHALF OF THE BOARD,

F. J. TEMPEL, *Chairman.*

GEORGE COLE, *Vice-Chairman.*

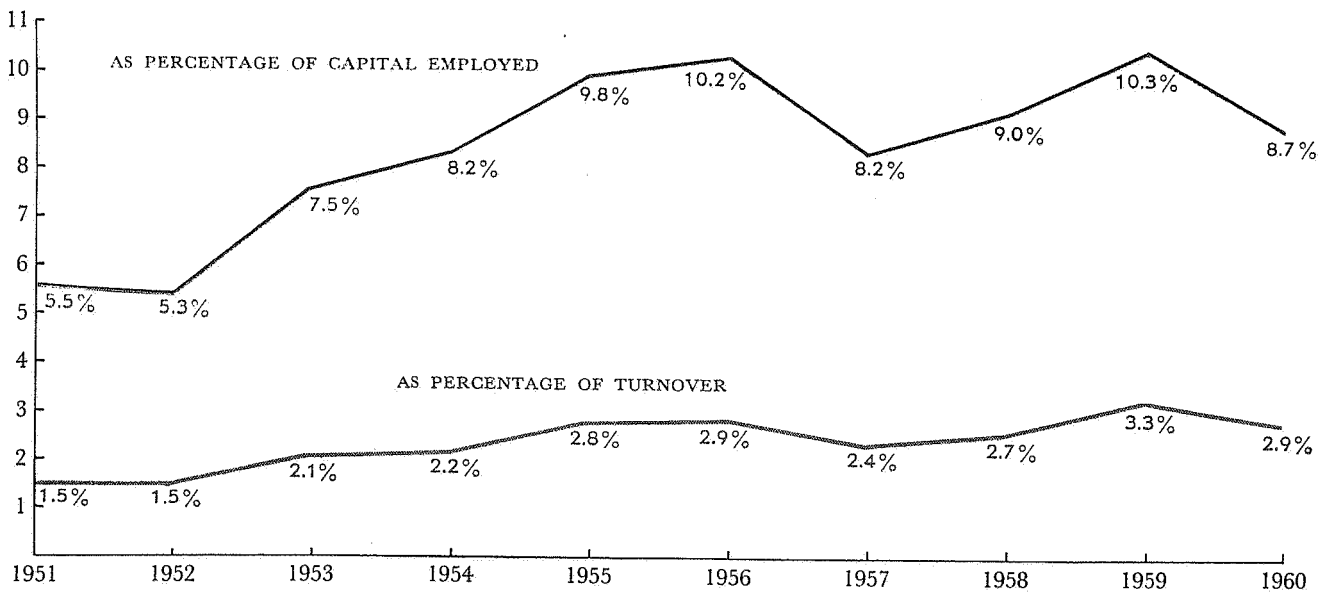
CAPITAL EMPLOYED 1956-1960 BY GEOGRAPHICAL AREAS

Figures represent Fl. millions



Excluding Interests Not Consolidated

RETURN ON CAPITAL EMPLOYED AND ON TURNOVER 1951-1960



The returns are based on the profits, after taxation, but before deducting loan interest

CONSOLIDATED PROFIT AND LOSS ACCOUNTS

UNILEVER N.V. and UNILEVER LIMITED and their subsidiaries
Figures in red represent deductions

1959			1960			
N.V.	LIMITED	COMBINED		N.V.	LIMITED	
Fl.	Fl.	Fl.		Fl.	Fl.	
619,907,000	587,289,000	1,207,196,000	I. TRADING PROFIT	1,113,190,000	511,020,000	602,170,000
6,265,000	17,364,000	23,629,000	II. INCOME FROM TRADE INVESTMENTS	31,558,000	8,045,000	23,513,000
5,544,000	9,768,000	15,312,000	III. INTEREST ON LOAN CAPITAL	15,396,000	5,971,000	9,425,000
620,628,000	594,885,000	1,215,513,000	IV. PROFIT BEFORE TAXATION	1,129,352,000	513,094,000	616,258,000
311,380,000	282,385,000	593,765,000	V. TAXATION ON PROFIT FOR THE YEAR	570,635,000	274,045,000	296,590,000
309,248,000	312,500,000	621,748,000	VI. PROFIT FOR THE YEAR AFTER TAXATION	558,717,000	239,049,000	319,668,000
13,492,000	36,804,000	50,296,000	VII. EXCEPTIONAL ITEMS			
24,029,000	16,257,000	7,772,000	a. Taxation adjustments — previous years	34,701,000	27,327,000	7,374,000
14,413,000	10,129,000	24,542,000	b. Other	14,902,000	8,560,000	6,342,000
284,298,000	355,432,000	639,730,000	VIII. AMOUNTS ATTRIBUTABLE TO OUTSIDE SHAREHOLDERS' INTERESTS IN SUBSIDIARIES	25,429,000	15,353,000	10,076,000
11,742,000	46,255,000	57,997,000	IX. CONSOLIDATED NET PROFIT	553,087,000	242,463,000	310,624,000
—	17,918,000	17,918,000	X. PREFERENTIAL DIVIDENDS OF PARENT COMPANIES	58,701,000	12,446,000	46,255,000
11,742,000	28,337,000	40,079,000	Less: United Kingdom income tax	17,918,000	—	17,918,000
272,556,000	327,095,000	599,651,000	XI. PROFIT ACCRUING TO ORDINARY AND DEFERRED CAPITAL	512,304,000	230,017,000	282,287,000
96,165,000	80,779,000	176,944,000	XII. ORDINARY AND DEFERRED DIVIDENDS OF PARENT COMPANIES			
—	64,000	64,000	Ordinary	188,526,000	101,225,000	87,301,000
—	31,324,000	31,324,000	Deferred	64,000	—	64,000
96,165,000	49,519,000	145,684,000	Less: United Kingdom income tax	33,846,000	—	33,846,000
176,391,000	277,576,000	453,967,000	XIII. PROFIT RETAINED IN THE BUSINESS	357,560,000	128,792,000	228,768,000

NOTES

The change in the basis of calculating depreciation and providing for taxation and unfunded retirement benefits is explained on page 34.

- I. Trading profit has been ascertained after charging the following:

1959				1960		
N.V.	LIMITED	COMBINED		COMBINED	N.V.	LIMITED
Fl.	Fl.	Fl.		Fl.	Fl.	Fl.
128,005,000	143,119,000	271,124,000	Depreciation	290,251,000	145,485,000	144,766,000
1,343,000	2,926,000	4,269,000	Emoluments of Directors as managers	4,426,000	1,340,000	3,086,000
192,000	681,000	873,000	Superannuation of former Directors	1,128,000	192,000	936,000
129,540,000	146,726,000	276,266,000		295,805,000	147,017,000	148,788,000

The emoluments of Directors as managers include contributions to the Pensions Funds for superannuation.

Trading profit includes income from investments, other than trade investments, N.V. Fl. 7,275,000 (Fl. 7,643,000), LIMITED Fl. 13,311,000 (Fl. 7,927,000).

- V. In LIMITED, taxation comprises United Kingdom income and profits taxes Fl. 276,512,000 less foreign tax relief of Fl. 89,791,000, and foreign taxes of Fl. 109,869,000. The charge for taxation is after deducting relief for investment allowances, N.V. Fl. 2,798,000 (Fl. 1,734,000), LIMITED Fl. 20,844,000 (Fl. 14,151,000).
- VII. Taxation adjustments arise mainly from release of provisions no longer required and refund of taxes following changes in legislation.
- Exceptional items, Other, are shown after deduction of taxation and include full provision for known losses arising from the disturbances in the Congo, and other items not applicable to current trading.
- IX. The net profits of the Parent Companies are N.V. Fl. 213,813,000, LIMITED £ 18,050,000 (Fl. 192,052,000).
- XII. The Equalisation Agreement provides that the relationship between the ordinary capitals of LIMITED and N.V., for dividend purposes and on liquidation, shall be based on a rate of £ 1 = Fl. 12.
- XIII. The profit retained by the Parent Companies and by the Subsidiaries is shown in statement C.

CONSOLIDATED BALANCE SHEETS

UNILEVER N.V. and UNILEVER LIMITED and their subsidiaries
Figures in red represent deductions

31st December 1959			31st December 1960		
N.V.	LIMITED	COMBINED	COMBINED	N.V.	LIMITED
Fl.	Fl.	Fl.	Fl.	Fl.	Fl.
215,865,000	598,966,000	814,831,000	CAPITAL EMPLOYED		
478,426,000	355,728,000	834,154,000	I. PREFERENTIAL CAPITAL—PARENT COMPANIES . . .		
1,285,038,000	2,084,919,000	3,369,957,000	II. ORDINARY CAPITAL AND RESERVES		
1,763,464,000	2,440,647,000	4,204,111,000	a. Ordinary capital—parent companies		
105,879,000	152,332,000	258,211,000	b. Profits retained in the business and other reserves		
169,245,000	246,816,000	416,061,000	ORDINARY SHAREHOLDERS' FUNDS—PARENT COMPANIES		
113,133,000	<i>113,133,000</i>	—	III. OUTSIDE SHAREHOLDERS' INTERESTS IN SUBSIDIARIES		
117,000,000	329,840,000	446,840,000	IV. LOAN CAPITAL		
—	—	—	V. INTER-GROUP ITEMS—N.V./LIMITED		
2,484,586,000	3,655,468,000	6,140,054,000	VI. DEFERRED LIABILITIES		
			EMPLOYMENT OF CAPITAL		
1,162,339,000	1,646,380,000	2,808,719,000	VII. LAND, BUILDINGS, PLANTATIONS, SHIPS, PLANT AND EQUIPMENT		
61,254,000	—	61,254,000	VIII. INTERESTS NOT CONSOLIDATED		
29,974,000	89,345,000	119,319,000	IX. TRADE INVESTMENTS		
1,253,567,000	1,735,725,000	2,989,292,000	FIXED ASSETS		
			X. CURRENT ASSETS		
1,067,332,000	1,496,984,000	2,564,316,000	a. Stocks		
535,983,000	816,556,000	1,352,539,000	b. Debtors		
195,148,000	339,161,000	534,309,000	c. Investments		
325,302,000	243,496,000	568,798,000	d. Cash and bank balances		
2,123,765,000	2,896,197,000	5,019,962,000	XI. CURRENT LIABILITIES		
<i>513,613,000</i>	<i>550,939,000</i>	<i>1,064,552,000</i>	a. Creditors		
<i>89,388,000</i>	<i>149,354,000</i>	<i>238,742,000</i>	b. Short term borrowings		
<i>219,712,000</i>	<i>225,536,000</i>	<i>445,248,000</i>	c. Taxation and contingencies		
<i>70,033,000</i>	<i>50,625,000</i>	<i>120,658,000</i>	d. Dividends		
<i>892,746,000</i>	<i>976,454,000</i>	<i>1,869,200,000</i>	NET CURRENT ASSETS		
1,231,019,000	1,919,743,000	3,150,762,000	I. PREFERENTIAL CAPITAL—PARENT COMPANIES . . .		
2,484,586,000	3,655,468,000	6,140,054,000	II. ORDINARY CAPITAL AND RESERVES		
			a. Ordinary capital—parent companies		
			b. Profits retained in the business and other reserves		
			ORDINARY SHAREHOLDERS' FUNDS—PARENT COMPANIES		
			III. OUTSIDE SHAREHOLDERS' INTERESTS IN SUBSIDIARIES		
			IV. LOAN CAPITAL		
			V. INTER-GROUP ITEMS—N.V./LIMITED		
			VI. DEFERRED LIABILITIES		
			a. Future taxation		
			b. Unfunded retirement benefits		
			VII. LAND, BUILDINGS, PLANTATIONS, SHIPS, PLANT AND EQUIPMENT		
			VIII. INTERESTS NOT CONSOLIDATED		
			IX. TRADE INVESTMENTS		
			FIXED ASSETS		
			X. CURRENT ASSETS		
			a. Stocks		
			b. Debtors		
			c. Investments		
			d. Cash and bank balances		
			XI. CURRENT LIABILITIES		
			a. Creditors		
			b. Short term borrowings		
			c. Taxation and contingencies		
			d. Dividends		
			NET CURRENT ASSETS		

NOTES

- I and II. In n.v. the preference capital was increased by Fl. 15,960,000 and the ordinary capital by Fl. 1,198,000 in connection with the acquisition of the interests referred to in Notes I and II of statement E.
- II. The Equalisation Agreement provides that the relationship between the ordinary capitals of LIMITED and n.v., for dividend purposes and on liquidation, shall be based on a rate of £ 1 = Fl. 12.
Details of profits retained and other reserves are set out in statement C.
The reserves of n.v. are subject to any losses that may arise on interests not consolidated Fl. 61,254,000 referred to under VIII below.
- IV. Loan Capital is secured to the extent of n.v. Fl. 25,600,000, LIMITED Fl. 225,642,000.
- V. This is the net balance of several accounts and incorporates loans of £ 11,500,000 by the LIMITED group to the n.v. group which are secured on shares of subsidiaries of n.v.
- VI. Future taxation includes, in addition to United Kingdom income tax on the profits of 1960, taxes on the 1960 profits of companies situated outside the Netherlands and the United Kingdom which will only become payable if those profits are distributed to the holding companies, certain other taxes which are not in the nature of current liabilities and tax deferred by reason of depreciation allowances for tax exceeding the corresponding amounts charged to profits.
Unfunded retirement benefits represent the estimated current value of future supplementary payments to past and existing employees. The amounts are stated after deduction of tax.
The change in basis of providing for taxation and unfunded retirement benefits is explained on page 34.
- VII. Details of movements in 1960 and the composition of the net values at 31st December, 1960, are given in statement D.
- VIII. This comprises interests in Czechoslovakia, Yugoslavia, Roumania, Poland and China.
- IX. This includes interests in companies in which 50% or less of the ordinary capital is owned and which are not included in the consolidation, and other investments not held for sale.
In LIMITED, trade investments are shown at the net book value at 31st December, 1947, with additions at cost or valuation, less Fl. 1,905,000 written off.
- X. Investments comprise: quoted, mainly dated stocks, n.v. Fl. 42,882,000, LIMITED Fl. 261,074,000; market value n.v. Fl. 72,703,000, LIMITED Fl. 257,488,000 – Treasury Bills, and Municipal and other short term loans.
- XI. Short term borrowings consist mainly of advances from bankers. In n.v. they are secured to the extent of Fl. 30,053,000.

GENERAL

Foreign currencies have been converted at the appropriate official parities or other current rates of exchange at the year end.

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

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

Congo: The assets and liabilities of the businesses in the Congo are included as at 31st December, 1960, partly on an estimated basis. After making full provision for known losses arising from the disturbances and deducting an amount of Fl. 48,604,000 referred to on page 34 – paragraph (b) (ii) – the net values of the assets in the balance sheet are n.v. Fl. 151,897,000, LIMITED Fl. 89,738,000.

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

The commitments for capital expenditure at 31st December, 1960, were approximately – n.v. Fl. 71,000,000, LIMITED Fl. 150,000,000.

RESERVES

UNILEVER N.V. and UNILEVER LIMITED and their subsidiaries
 Figures in red represent deductions

	COMBINED	N.V.		LIMITED	
		PARENT	SUBSIDIARIES	PARENT	SUBSIDIARIES
	Fl.	Fl.	Fl.	Fl.	Fl.
PREMIUMS ON CAPITAL ISSUED					
At 1st January, 1960	27,284,000	27,284,000	—	—	—
Arising on issue of preferential and ordinary capital . .	13,533,000	13,533,000	—	—	—
At 31st December, 1960	40,817,000	40,817,000	—	—	—
SURPLUS ON REVALUATION OF FIXED ASSETS, ETC.					
At 1st January, 1960	81,122,000	—	24,932,000	—	56,190,000
Additions	22,165,000	—	21,080,000	—	1,085,000
Exchange and other adjustments arising on consolidation of fixed assets	10,025,000	—	8,025,000	—	2,000,000
Excess of price paid for new interests over tangible assets acquired—part (note I)	60,363,000	—	37,987,000	—	22,376,000
At 31st December, 1960	32,899,000	—	—	—	32,899,000
PROFITS RETAINED IN THE BUSINESS					
At 1st January, 1960	3,261,551,000	258,787,000	974,035,000	857,658,000	1,171,071,000
Provision for tax deferred by accelerated tax depreciation at the end of 1959 (note II)	124,275,000	—	4,724,000	4,607,000	114,944,000
Release of provision for potential taxes on profits retained by subsidiaries (note II)	123,601,000	—	41,503,000	—	82,098,000
Provision to cover the liability for unfunded retirement benefits at the end of 1959 (note II)	63,840,000	—	26,600,000	—	37,240,000
Exchange and other adjustments arising on consolidation of net current assets	3,415,000	—	2,524,000	—	891,000
Excess of price paid for new interests over tangible assets acquired—balance (note I)	31,077,000	—	31,077,000	—	—
Profit retained in 1960—see statement A	357,560,000	100,142,000	28,650,000	110,199,000	118,569,000
At 31st December, 1960	3,520,105,000	358,929,000	979,263,000	963,250,000	1,218,663,000
		399,746,000	979,263,000	963,250,000	1,251,562,000
TOTAL	3,593,821,000	1,379,009,000		2,214,812,000	

NOTES

- I. In accordance with the practice established in 1953, of eliminating goodwill and premiums, the excess of the price paid for new interests over tangible assets acquired has been eliminated out of surpluses on revaluation of fixed assets so far as these were available. The balance has been charged to profits retained.
- II. The adjustments relating to taxation provisions and the liability for unfunded retirement benefits are explained on page 34.

LAND, BUILDINGS, PLANTATIONS, SHIPS, PLANT AND EQUIPMENT

UNILEVER N.V. and UNILEVER LIMITED and their subsidiaries

Figures in red represent deductions

1959			1960			
N.V.	LIMITED	COMBINED		COMBINED	N.V.	LIMITED
Fl.	Fl.	Fl.	COST OR VALUATION	Fl.	Fl.	Fl.
1,843,944,000	2,189,489,000	4,033,433,000	At 1st January	4,408,627,000	1,999,486,000	2,409,141,000
31,972,000	8,352,000	40,324,000	Fixed assets of subsidiaries acquired during the year	94,948,000	66,061,000	28,887,000
30,424,000	5,799,000	36,223,000	Adjustments, mainly on revaluations . . .	49,061,000	48,103,000	958,000
199,295,000	281,566,000	480,861,000	Expenditure	586,191,000	266,076,000	320,115,000
<i>18,542,000</i>	<i>23,482,000</i>	<i>42,024,000</i>	Proceeds of sales	<i>47,916,000</i>	<i>28,860,000</i>	<i>19,056,000</i>
<i>87,607,000</i>	<i>52,583,000</i>	<i>140,190,000</i>	Adjustments on disposals and exchange differences	<i>147,213,000</i>	<i>80,894,000</i>	<i>66,319,000</i>
<u>1,999,486,000</u>	<u>2,409,141,000</u>	<u>4,408,627,000</u>	At 31st December	<u>4,943,698,000</u>	<u>2,269,972,000</u>	<u>2,673,726,000</u>
			DEPRECIATION			
783,712,000	678,503,000	1,462,215,000	At 1st January	1,599,908,000	837,147,000	762,761,000
13,386,000	2,297,000	15,683,000	Depreciation provided prior to acquisition by subsidiaries acquired during the year .	18,205,000	11,097,000	7,108,000
<i>6,031,000</i>	<i>1,830,000</i>	<i>7,861,000</i>	Adjustments, mainly on revaluations . . .	15,996,000	15,996,000	—
128,005,000	143,119,000	271,124,000	Charged to revenue	290,251,000	145,485,000	144,766,000
<i>81,925,000</i>	<i>59,328,000</i>	<i>141,253,000</i>	Adjustments on disposals and exchange differences	<i>129,725,000</i>	<i>74,121,000</i>	<i>55,604,000</i>
<u>837,147,000</u>	<u>762,761,000</u>	<u>1,599,908,000</u>	At 31st December	<u>1,794,635,000</u>	<u>935,604,000</u>	<u>859,031,000</u>
<u>1,162,339,000</u>	<u>1,646,380,000</u>	<u>2,808,719,000</u>	NET BALANCE SHEET VALUES	<u>3,149,063,000</u>	<u>1,334,368,000</u>	<u>1,814,695,000</u>
			DETAILS OF NET BALANCE SHEET VALUES			
510,517,000	776,092,000	1,286,609,000	Land, buildings and plantations	1,430,934,000	595,853,000	835,081,000
651,822,000	870,288,000	1,522,110,000	Ships, plant and equipment	1,718,129,000	738,515,000	979,614,000
<u>1,162,339,000</u>	<u>1,646,380,000</u>	<u>2,808,719,000</u>		<u>3,149,063,000</u>	<u>1,334,368,000</u>	<u>1,814,695,000</u>

NOTE

These assets are stated at cost or as valued by Directors at various dates since 1945.

CHANGES IN ACCOUNTING PRACTICE

(a) DEPRECIATION

The basis of depreciation has been examined and new overall rates, applied to broad groups of assets, have been adopted for our manufacturing businesses as from 1st January, 1960, except in those countries where it is desirable for the accounting depreciation to coincide with that allowed for tax. Depreciation charged in the Consolidated Profit and Loss Account is Fl. 16,790,000 (N.V. Fl. 2,394,000; LIMITED Fl. 14,396,000) less than would have been charged under our previous rates.

(b) TAXATION

(i) Legislation in some countries allows higher amounts of depreciation to be charged for tax purposes in the early years of the life of fixed assets than is provided financially by many of our companies which spread the charge evenly over the expected life of the assets. As a result, part of the charge for tax is deferred. It has been decided to set aside the accumulated amount out of Profits retained in the business, under the heading of Future Taxation. After allowing for Fl. 23,099,000 already carried under current liabilities this amounted to Fl. 124,275,000 (N.V. Fl. 4,724,000; LIMITED Fl. 119,551,000) at the end of 1959. The charge for taxation on the profit of the year will, in future, include the tax so deferred. The charge for 1960 has been increased by Fl. 23,993,000 (N.V. Fl. 532,000; LIMITED Fl. 23,461,000) for this reason.

(ii) The amount set aside for Future Taxation at 31st December, 1959, included sums which would have become payable only if the profits retained by subsidiaries outside the Netherlands and the United Kingdom had been distributed to the two Parent Companies. A large part of these profits is ploughed back into the subsidiaries' businesses and is not likely to be distributed. Thus, the amounts set aside are unlikely to be required and it has been decided to release the amount accumulated in earlier years.

It has also been decided to provide, in principle, only for the tax liability which can be expected to arise as a result of subsidiary companies distributing part of their profits. However, at the time the accounts are prepared it is not possible to determine how much of the profits of the year of the subsidiaries will be distributed. Consequently, commencing with 1960, the amount set aside for taxes will be based on the assumption that all the profits of the current year will be distributed and the amount of tax provided in the previous year that has proved to be in excess of requirements will be deducted from the charge for the current year.

The result of this change is that the sum of Fl. 123,601,000 (N.V. Fl. 41,503,000; LIMITED Fl. 82,098,000) is added to Profits retained in the business and the charge in respect of taxation in 1960 has been reduced by Fl. 25,962,000 (N.V. Fl. 2,181,000; LIMITED Fl. 23,781,000). In addition, the sum of Fl. 48,604,000 (N.V. Fl. 724,000; LIMITED Fl. 47,880,000) relating to subsidiaries in the Congo has been released and set against the value of the assets in the Congo pending clarification of the situation.

(c) UNFUNDED RETIREMENT BENEFITS

The provision previously made in the accounts for unfunded retirement benefit schemes has now been extended to cover all benefits that are expected to become payable, whether or not a legal obligation exists. After allowing for the sums already provided, the liability at the 31st December, 1959, was Fl. 63,840,000 (N.V. Fl. 26,600,000; LIMITED Fl. 37,240,000) and this has been deducted from Profits retained in the business. The total liability at the 31st December, 1960, of Fl. 103,284,000 (N.V. Fl. 57,000,000; LIMITED Fl. 46,284,000) is entered in the Consolidated Balance Sheet under the heading of "Deferred Liabilities". The increase in the charge to 1960 profits resulting from this change in practice is Fl. 9,353,000 (N.V. Fl. 3,597,000; LIMITED Fl. 5,756,000).

The effect of the changes on the consolidated net profit can be summarised as follows:

	COMBINED	N.V.	LIMITED
	Fl.	Fl.	Fl.
Depreciation	16,790,000	2,394,000	14,396,000
Taxation on profits retained by subsidiaries	25,962,000	2,181,000	23,781,000
Taxation deferred by accelerated tax depreciation	23,993,000	532,000	23,461,000
Unfunded retirement benefits	9,353,000	3,597,000	5,756,000
	9,406,000	446,000	8,960,000
Increase in Consolidated Net Profit	9,406,000	446,000	8,960,000

SUMMARY OF CONSOLIDATED FIGURES 1951-1960

*UNILEVER N.V. and UNILEVER LIMITED and their subsidiaries
(000's omitted)*

	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960**
	Fl.	Fl.	Fl.	Fl.	Fl.	Fl.	Fl.	Fl.	Fl.	Fl.
Turnover	12,825,956	12,983,258	13,900,384	15,294,245	16,119,462	17,784,122	18,297,097	18,388,474	19,015,776	19,650,367
of which Sales to third parties	8,151,357	8,243,809	8,999,307	10,362,903	11,374,915	12,579,534	12,975,554	13,395,058	14,140,134	14,757,339
Trading Profit	573,849	411,788	654,125	745,813	909,241	1,053,669	907,132	976,303	1,207,196	1,113,190
Taxation for the year	350,952	234,666	359,249	406,631	467,149	551,923	480,452	490,069	593,765	570,635
Exceptional Items	25,938	52,025	6,107	28,374	64,896	25,957	23,026	32,080	42,524	19,799
Consolidated Net Profit	200,433	222,769	274,001	338,931	480,055	501,489	428,475	503,152	639,730	553,087
Dividends:										
Preferential	35,863	35,726	36,947	37,019	38,257	38,339	38,339	38,339	40,079	40,783
Ordinary and Deferred	31,003	39,058	45,869	62,515	79,197	87,781	87,781	104,949	145,684	154,744
Profit retained in the business	133,567	147,985	191,185	239,397	362,601	375,369	302,355	359,864	453,967	357,560
Profit in relation to Ordinary Shareholders' Funds:	%	%	%	%	%	%	%	%	%	%
Distributed	1.5	*2.2	2.4	2.7	3.0	2.9	2.6	2.8	3.5	3.5
Retained	6.7	*8.5	9.8	10.5	13.7	12.3	9.0	9.7	10.8	8.1
Preferential Capital	812,102	808,724	810,413	812,102	814,817	814,831	814,831	814,831	814,831	830,791
Ordinary Shareholders' Funds:										
Capital	394,750	393,723	394,237	530,684	663,524	663,524	663,524	829,410	834,154	835,352
Reserves	1,611,103	*1,355,129	1,548,839	1,744,897	1,985,637	2,385,251	2,708,677	2,875,726	3,369,957	3,593,821
Outside Shareholders' Interests	218,002	* 226,851	233,488	238,374	245,729	261,175	257,811	255,311	258,211	262,105
Loan Capital	622,877	621,987	595,722	518,869	497,142	483,445	461,520	415,380	416,061	401,789
Deferred Liabilities:										
Future Taxation	304,056	288,788	338,335	362,640	378,384	399,152	404,384	407,896	446,840	446,160
Unfunded Retirement benefits	—	—	—	—	—	—	—	—	—	103,284
Total Capital Employed	3,962,890	3,695,202	3,921,034	4,207,566	4,585,233	5,007,378	5,310,747	5,598,554	6,140,054	6,473,302

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

** The figures for 1960 reflect the changes in accounting practice described on page 34, and from this it will be seen that the effect of the changes is not so great as to destroy the validity of comparison with figures of previous years.

NOTES

I and II. The authorised capital has been increased from Fl. 730,000,000 to Fl. 1,055,000,000 by alteration of the Company's articles of association as resolved upon at an Extraordinary General Meeting on 17th June, 1960.

I. Fl. 15,960,000 of 6% Cumulative Preference capital was issued in connection with the acquisition of the share capitals of Lucas Aardenburg N.V., N.V. Stoomzuivel- en Roomijsfabriek de Hoop and Koninklijke Maatschappij "De Betuwe" N.V.

The 4% Redeemable Cumulative Preference Capital is redeemable at par at the Company's option either wholly or in part.

II. Fl. 1,198,000 of Ordinary capital was issued in connection with the acquisition of additional shares in "Nordsee" Deutsche Hochseefischerei G.m.b.H.

Fl. 1,200,000 of Ordinary capital is held by a subsidiary of N.V. and Fl. 1,200,000 by a subsidiary of LIMITED.

The movements in premiums on capital issued during 1960 are:—

	Fl.
Balance at 1st January	27,284,000
Arising on issue of Preferential and Ordinary capital	<u>13,533,000</u>
Balance at 31st December	<u>40,817,000</u>

The movements in profits retained in the business during 1960 are:—

	Fl.
Balance at 1st January	258,787,000
Profit for the year	<u>213,813,000</u>
	472,600,000
Appropriations:	
Preferential dividends	12,446,000
Ordinary dividends	<u>101,225,000</u>
Balance at 31st December	<u>358,929,000</u>

The Company's reserves are subject to any provisions which may be required against interests in Czechoslovakia, Yugoslavia, Roumania, Poland and China held by subsidiaries at a book value of Fl. 61,254,000.

V. Debtors and payments in advance have been shown after provision for doubtful debts.

Investments are Treasury Bills at cost.

GENERAL

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

Foreign currencies have been converted at the appropriate official parities or other current rates of exchange at the year end.

UNILEVER LIMITED
BALANCE SHEET AT 31st DECEMBER 1960

Figures in red represent deductions

1959		CAPITAL EMPLOYED		£	£	£
£	£			<i>Authorised</i>	<i>Issued and fully paid</i>	
		I. PREFERENTIAL CAPITAL				
	35,984,690	7% Cumulative Preference } <i>Ranking</i>		35,984,690	35,984,690	
	2,360,000	5% Cumulative Preference } <i>pari passu</i>		4,015,310	2,360,000	
	15,661,749	8% Cumulative A Preference		40,000,000	15,661,749	
	2,287,312	20% Cumulative Preferred Ordinary		2,287,312	2,287,312	
56,294,000	56,293,751			<u>82,287,312</u>	<u>56,293,751</u>	56,294,000
		II. ORDINARY AND DEFERRED CAPITAL AND PROFITS RETAINED				
		CAPITAL:				
	33,432,636	Ordinary		59,031,438	33,432,636	
	100,000	Deferred		100,000	100,000	
	<u>33,533,000</u>			<u>59,131,438</u>	<u>33,533,000</u>	
	80,607,000	PROFITS RETAINED IN THE BUSINESS			90,531,000	
114,140,000						124,064,000
		III. LOAN CAPITAL				
	9,031,000	3 ³ / ₄ % Debenture stock, 1955/75 } <i>Ranking</i>			8,440,000	
	12,994,000	4% Debenture stock, 1960/80 } <i>pari passu</i>			11,920,000	
22,025,000						20,360,000
1,850,000		IV. FUTURE TAXATION				2,178,000
194,309,000						202,896,000
13,390,000		V. INDEBTEDNESS OF N.V. GROUP				13,365,000
180,919,000						189,531,000
		EMPLOYMENT OF CAPITAL				
		VI. FIXED ASSETS		£	£	
	3,008,000	Land and buildings		4,071,000	517,000	3,554,000
	1,891,000	Plant and office equipment		2,670,000	815,000	1,855,000
	4,899,000			<u>6,741,000</u>	<u>1,332,000</u>	5,409,000
	5,919,000	Trade investments				5,855,000
10,818,000						11,264,000
		VII. INTERESTS IN SUBSIDIARIES				
	130,279,000	Shares			120,507,000	
	76,123,000	Advances			89,523,000	
	206,402,000				210,030,000	
	65,410,000	Less: Deposits			53,751,000	
140,992,000						156,279,000
		VIII. CURRENT ASSETS		£		
	1,147,000	Debtors		1,401,000		
	28,383,000	Investments		23,351,000		
	7,667,000	Cash and bank balances		6,975,000		
	37,197,000					31,727,000
		IX. CURRENT LIABILITIES				
	2,305,000	Creditors		2,382,000		
	1,436,000	Taxation		2,848,000		
	4,347,000	Dividends (net) due or proposed		4,509,000		
	8,088,000					9,739,000
29,109,000						21,988,000
180,919,000						189,531,000
		GEORGE COLE, <i>Chairman.</i>				
		F. J. TEMPEL, <i>Vice-Chairman.</i>				

NOTES

II. £ 50,000 Deferred stock is held by a subsidiary of LIMITED and £ 50,000 by a subsidiary of N.V.

The movements in profits retained in the business during 1960 are:—

	£
Balance at 1st January	80,607,000
Amount set aside for tax deferred by accelerated tax depreciation at the end of 1959	433,000
Profit for the year	18,050,000
	<u>98,224,000</u>
Appropriations:	
Preferential dividends	2,663,000
Ordinary dividends	5,026,000
Deferred dividend	4,000
Balance at 31st December	<u>90,531,000</u>

III. The two issues of debenture stock are secured by a floating charge on the assets of the Company. During the year £ 591,000 of 3³/₄% Debenture Stock 1955/75 and £ 1,074,000 of 4% Debenture Stock 1960/80 were purchased by the Company.

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

VI. Land, buildings, plant, etc., were revalued at 1st January, 1953, and additions since that date are at cost.

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

VII. 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 £ 2,486,000.

VIII. Investments comprise short dated Government and Municipal stocks £ 21,840,000 (market value £ 21,772,000), and short term Municipal loans £ 1,511,000.

GENERAL

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

The estimated commitments for capital expenditure at 31st December, 1960, were £ 1,117,000.

Foreign currencies have been converted at the appropriate official parities or other current rates of exchange at the year end.

REPORTS OF THE AUDITORS

N.V. GROUP

TO THE MEMBERS OF UNILEVER N.V.

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

Sufficient information is not available to enable us to estimate the extent to which the reserves may be required to write down interests not consolidated which are included in the accounts at Fl. 61,254,000 and are referred to in note II in statements B and E. Subject to this remark, we have obtained all the information and explanations which we considered necessary and in our opinion the said accounts give a true and fair view of the state of the company's affairs as at 31st December, 1960, and of its profit for the year 1960.

14th March, 1961.

PRICE WATERHOUSE & Co.
COOPER BROTHERS & Co.

LIMITED GROUP

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

TO THE MEMBERS OF UNILEVER LIMITED

We have examined the balance sheet of the company set out in statement F, which is in agreement with the books of account, and the consolidated accounts of the company and its subsidiaries set out in statements A to D. Proper books of account have been kept by the company. The accounts of some of the subsidiaries have not been audited by us and those of a group of major importance having interests in Africa, audited as at 31st August, 1960, are estimated accounts based on unaudited returns at 31st December, 1960. We have obtained all the information and explanations which we considered necessary and it is our opinion that the accounts give the information required by the Companies Act, 1948.

We are of the opinion that the balance sheet of the company gives with the consolidated accounts a true and fair view of the state of its affairs at 31st December, 1960, and the consolidated accounts give, from the standpoint of the members of Unilever Limited, a true and fair view of the state of affairs at that date of the company and its subsidiaries and of their profit for the year 1960.

14th March, 1961.

COOPER BROTHERS & Co.
PRICE WATERHOUSE & Co.

REPORT AND ACCOUNTS OF UNILEVER N.V. AND UNILEVER LIMITED

In addition to this English translation of the Report and Accounts of Unilever N.V., French and German translations are available on request. The Report and Accounts of Unilever Limited contain the same information, with figures in sterling.

"PROGRESS"

Progress, Unilever's quarterly magazine published in England, contains articles by experts inside and outside the business on current topics in which Unilever is interested. Shareholders of Unilever N.V. who are not already on our list, and who would like to receive complimentary copies, are invited to send their names and addresses to Unilever N.V., Museumpark 1, Rotterdam 2.