

# UNILEVER

REPORT & ACCOUNTS

1956

# UNILEVER N.V.

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## DIRECTORS

F. J. TEMPEL *Chairman*

SIDNEY J. VAN DEN BERGH }  
THE LORD HEYWORTH } *Vice-Chairmen*

M. G. DE BAAT

COLIN BAXTER

J. P. VAN DEN BERGH

A. F. H. BLAAUW

A. D. BONHAM CARTER

G. J. COLE

J. A. CONNELL

W. A. FAURE

HAROLD HARTOG

J. LAURENCE HEYWORTH

R. E. HUFFAM

RUDOLF G. JURGENS

G. D. A. KLIJNSTRA

ANDREW M. KNOX

J. F. VAN MOORSEL

F. D. MORRELL

F. J. PEDLER

R. H. SIDDONS

A. E. J. SIMON THOMAS

A. H. SMITH

E. G. WOODROOFE

## ADVISORY DIRECTORS

H. M. HIRSCHFELD

J. M. HONIG

K. P. VAN DER MANDELE

PAUL RIJKENS

J<sup>HR.</sup> J. A. G. SANDBERG

T. J. TWIJNSTRA

H. L. WOLTERSOM

## SECRETARY

E. A. HOFMAN

## AUDITORS

PRICE WATERHOUSE & Co.

COOPER BROTHERS & Co.

*This is a translation of the original Dutch report.*

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*Unilever N.V., the Dutch Company, is referred to as "N.V."*

*Unilever Limited, the English Company, is referred to as "LIMITED."*

*They are referred to jointly as "The Parent Companies."*

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## SALIENT POINTS

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

1955		1956						
Fl.		Fl.						
16,119,000,000	TURNOVER .....	17,784,000,000						
909,000,000	TRADING PROFIT .....	1,054,000,000						
467,000,000	TAXATION FOR THE YEAR .....	552,000,000						
65,000,000	EXCEPTIONAL PROFITS .....	26,000,000						
480,000,000	CONSOLIDATED NET PROFIT .....	501,000,000						
79,000,000	ORDINARY DIVIDENDS	88,000,000						
	<table style="margin-left: auto; margin-right: auto; border: none;"> <tr> <td style="padding: 0 10px;">14<sup>0</sup>/<sub>0</sub></td> <td style="padding: 0 10px;">N.V.</td> <td style="padding: 0 10px;">15<sup>1</sup>/<sub>2</sub><sup>0</sup>/<sub>0</sub></td> </tr> <tr> <td style="padding: 0 10px;">15<sup>3</sup>/<sub>4</sub><sup>0</sup>/<sub>0</sub></td> <td style="padding: 0 10px;">LIMITED</td> <td style="padding: 0 10px;">17<sup>1</sup>/<sub>2</sub><sup>0</sup>/<sub>0</sub></td> </tr> </table>	14 <sup>0</sup> / <sub>0</sub>	N.V.	15 <sup>1</sup> / <sub>2</sub> <sup>0</sup> / <sub>0</sub>	15 <sup>3</sup> / <sub>4</sub> <sup>0</sup> / <sub>0</sub>	LIMITED	17 <sup>1</sup> / <sub>2</sub> <sup>0</sup> / <sub>0</sub>	
14 <sup>0</sup> / <sub>0</sub>	N.V.	15 <sup>1</sup> / <sub>2</sub> <sup>0</sup> / <sub>0</sub>						
15 <sup>3</sup> / <sub>4</sub> <sup>0</sup> / <sub>0</sub>	LIMITED	17 <sup>1</sup> / <sub>2</sub> <sup>0</sup> / <sub>0</sub>						
363,000,000	PROFITS RETAINED IN THE BUSINESS .....	375,000,000						
4,585,000,000	CAPITAL EMPLOYED .....	5,007,000,000						
298,000,000	EXPENDITURE ON FIXED ASSETS (NET) .....	397,000,000						
184,000,000	DEPRECIATION .....	206,000,000						

# REPORT OF THE DIRECTORS FOR THE YEAR 1956

TO BE SUBMITTED AT THE GENERAL MEETING OF SHAREHOLDERS  
TO BE HELD AT ROTTERDAM  
ON 25TH APRIL, 1957.

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The Directors submit their Report and Accounts for the year 1956. UNILEVER N.V. and UNILEVER LIMITED, referred to as "N.V." and "LIMITED" respectively, 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 £ 1 nominal of LIMITED's ordinary capital being equivalent to Fl. 12 nominal of N.V.'s ordinary capital. For this reason the Report and Accounts combine, as hitherto, the results and operations of the two Groups. The guilder equivalents of all LIMITED figures for both 1956 and 1955 have been calculated at the official parity, i.e. £ 1 = Fl. 10.64.

The Annual General Meetings of N.V. and LIMITED will be addressed by their respective Chairmen and reports of their speeches will be published in the Press.

## RESULTS

Turnover, particulars of which are shown in the table on page 7, rose from Fl. 16,119,462,000 in 1955 to Fl. 17,784,122,000 in 1956. Despite the tendency for costs to rise, the additional volume enabled us to increase our revenue from trading to Fl. 1,053,669,000 as compared with Fl. 909,241,000 in 1955.

The consolidated net profit for the year of Fl. 501,489,000 compares with Fl. 480,055,000 for 1955 and is after charging taxation of Fl. 551,923,000 (1955 Fl. 467,149,000). As will be seen from the consolidated profit and loss account (statement A) the net profit for 1956 includes exceptional profits of Fl. 25,957,000. Exceptional profits in the previous year were unusually large at Fl. 64,896,000. Profit for the year after taxation, but before deducting loan interest, was equivalent in 1956 to 10.2% on the capital employed as against 9.8% in 1955. The return on capital employed and on turnover for the seven years ending with 1956, are shown in the chart on page 27. After considering the effect on net results of price variations in oils and fats and applying our usual principles the Directors have not thought it necessary to make any changes in stock reserves at 31st December, 1956.

The proposed appropriations of the profits of the Parent Companies are shown in the consolidated profit and loss account. Interim ordinary dividends in respect of 1956, 5 $\frac{1}{4}$ % for N.V. and 6% less income tax for LIMITED, were paid on 12th December last. The Directors now recommend the payment of final dividends of 10 $\frac{1}{4}$ % on the Ordinary Capital of N.V. and 11 $\frac{1}{2}$ % less income tax on the ordinary stock of LIMITED, both payable on 14th May, 1957, making a total for the year of 15 $\frac{1}{2}$ % for N.V. (1955, 14%) and 17 $\frac{1}{2}$ % for LIMITED (1955, 15 $\frac{3}{4}$ %). The dividends recommended on the respective ordinary capitals are equivalent in value under the terms of the Equalisation Agreement. After payment of the above dividends, an amount of Fl. 375,369,000 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. 2,370,137,000.

## ANNOUNCEMENT OF RESULTS

Following the practice introduced last year, the results for 1956 were announced at the end of February, 1957, instead of awaiting the completion and audit of the final accounts.

The Directors have now decided to make, in addition, an interim announcement of turnover and profits for the first half of each year. There has been for some time a growing demand, both in the Netherlands and in the United Kingdom, that companies should announce their results more often than once a year. If the Directors have seemed reluctant to meet this demand it is because they know from experience that six-monthly figures, considered in isolation, can be particularly misleading for a business such as Unilever. The prices of its main raw materials, oils and fats, are subject to marked fluctuations, with a consequential effect upon profits. Over a twelve-months period these fluctuations are to a great extent ironed out so that this effect upon profits is not so important. Even so there have been times, e.g. in 1951 and 1952, when it has been necessary to make adjustments by transfers to and from stock reserve. \*) In half-yearly figures, the effect of the price fluctuations is likely to be more marked, and in the announcements of results for the first six months of each year, the amount of the appropriate stock reserve adjustment will be given by way of note. The comparative figures for the two preceding six-months periods will also be stated.

The announcement for the first six months of 1957 will appear in the Press in the week beginning 2nd September, 1957.

The table below gives, for information, the consolidated net profit figures, after eliminating transfers to and from stock reserve, for the years 1951–1956 split into half-years.

	<i>Combined</i>	<i>N.V.</i>	<i>LIMITED</i>
	<i>(Fl. millions)</i>		
1951: January – June . . . . .	138	62	76
July – December . . . . .	94	9	85
Year . . . . .	232	71	161
1952: January – June . . . . .	72	9	63
July – December . . . . .	131	58	73
Year . . . . .	203	67	136
1953: January – June . . . . .	129	57	72
July – December . . . . .	145	38	107
Year . . . . .	274	95	179
1954: January – June . . . . .	162	71	91
July – December . . . . .	177	65	112
Year . . . . .	339	136	203
1955: January – June . . . . .	238	115	123
July – December . . . . .	242	121	121
Year . . . . .	480	236	244
1956: January – June . . . . .	238	119	119
July – December . . . . .	263	114	149
Year . . . . .	501	233	268

\*) In 1951 there was a transfer to stock reserve of Fl. 32 million in LIMITED. In 1952 there were transfers from stock reserves of Fl. 15 million in N.V. and Fl. 5 million in LIMITED.

## REVIEW OF OPERATIONS

### ECONOMIC BACKGROUND

There were signs that in 1956 the fiscal and monetary measures which many countries had taken to curb rising prices and adverse trade balances were beginning to bite. In consequence, the pace of economic expansion had already slowed down when it received a further check from the outbreak of hostilities in the Middle East in the autumn. World industrial output (excluding the Communist countries), which in 1955 had increased by some 10% over the previous year, rose by only 4%.

Another consequence of the troubles in the Middle East was exceptionally heavy buying of certain types of products, particularly in Europe. In relation to our total figures, however, this was of no great significance.

The tax burden grew heavier during the year. In the United Kingdom, the investment allowance was withdrawn and the rate of profits tax was increased. Higher taxes were also imposed in France, Australia, India and Ceylon.

### TURNOVER

Turnover in 1956 amounted to Fl. 17,784,122,000, an increase of 10.3% on the 1955 figure of Fl. 16,119,462,000.

Turnover by commodities is given below:—

1955				1956		
%	Fl.	Tons		Tons	Fl.	%
17	2,665,256,000	1,589,000	Margarine, edible fats and salad oils ..	1,602,000	2,849,179,000	16
15	2,450,818,000	1,559,000	Soap and other detergents.....	1,670,000	2,752,504,000	15
1	240,932,000		Toilet preparations, including perfumes		298,537,000	2
9	1,470,225,000		Foods.....		1,627,452,000	9
25	4,071,588,000	3,692,000	Vegetable and animal oils and fats ...	3,927,000	4,631,613,000	26
9	1,390,435,000	3,892,000	Animal feeding stuffs .....	4,297,000	1,552,397,000	9
5	734,692,000		Miscellaneous manufactures, including glycerine .....		791,605,000	5
7	1,138,533,000		Produce (mainly tropical produce handled by the United Africa Group) including timber products .....		1,126,021,000	6
11	1,773,592,000		Merchandise (mainly handled by the United Africa Group).....		1,951,515,000	11
1	183,391,000		Services (including ocean, river and road transport) .....		203,299,000	1
<u>100</u>	<u>16,119,462,000</u>		Total value .....		<u>17,784,122,000</u>	<u>100</u>
	Fl.		Represented by:		Fl.	
	11,374,915,000		Sales to third parties .....		12,579,534,000	
	4,194,948,000		Supplies of marketable products and services within the organisation .....		4,690,346,000	
	549,599,000		Value of produce purchased for the West African Marketing Boards and production for other manufacturers .....		514,242,000	
	<u>16,119,462,000</u>				<u>17,784,122,000</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 business is shown in the following table:—

	1954	1955	1956
	Fl.	Fl.	Fl.
Europe .....	9,393,609,000	9,954,795,000	11,057,886,000
North and South America.....	1,760,665,000	1,771,698,000	1,914,147,000
Africa, Middle East and Australasia ....	630,590,000	743,715,000	895,963,000
The Orient.....	701,825,000	733,777,000	828,079,000
The United Africa Group .....	2,807,556,000	2,915,477,000	3,088,047,000
Total.....	<u>15,294,245,000</u>	<u>16,119,462,000</u>	<u>17,784,122,000</u>

#### FINANCE

Cash resources, consisting of bank balances and short term investments, less short term borrowings, rose during 1956 by nearly Fl. 165 million and on 31st December, 1956, totalled Fl. 507 million. Some part of this increase arises from the troubles in the Middle East which not only led to the heavy buying mentioned at the beginning of this Review but also delayed the arrival of raw materials from overseas. The effect was that at 31st December, 1956, our stocks were less and our cash resources greater than would otherwise have been the case.

The financial changes in 1956 can be summarised as follows:—

	Fl. millions
Profits retained provided .....	375
Depreciation charged against profits amounted to.....	<u>206</u>
So that available funds were .....	581
Expenditure on fixed assets (net) was.....	397
Working capital other than cash increased by .....	11
Other items such as changes in loan capital, etc., absorbed .....	<u>8</u>
Thus, total funds absorbed were .....	<u>416</u>
And cash resources increased by .....	<u>165</u>

Expenditure on fixed assets rose from Fl. 298 million in 1955 to Fl. 397 million in 1956 and the outlay in 1957 is expected to be still higher. We expect that our resources will adequately cover our financial requirements in 1957.

#### RAW MATERIALS

The prices of oils and fats were higher in 1956 than in the previous year and were subject to marked fluctuations, particularly in liquid oils. Early in the year, mainly as a result of a poor olive oil crop, prices rose sharply to a peak which was reached in May. Then there was a fall almost as sharp. This downward trend was temporarily reversed when the Egyptians nationalised the Suez Canal in August; the outbreak of hostilities at the end of October caused prices to rise sharply but by the end of the year they were falling again.

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

	January 1956	March 1956	May 1956	September 1956	December 1956	March 1957
	£	£	£	£	£	£
Philippine copra . . . . .	63	64	71	65	67	63
Groundnut oil . . . . .	114	131	147	117	168	138
Cottonseed oil . . . . .	118	147	146	123	145	141
Palm oil (Belgian Congo) ..	84	86	96	88	93	90

World exports of edible and soapmaking oils and fats increased by 560,000 tons. The United States exported much larger quantities of edible vegetable oils, tallow and lard than in 1955 and the supplies of British West African groundnuts and palm kernels, Philippine copra, and Australian and New Zealand butter and tallow increased. Supplies of groundnut oil from India were much smaller.

Countries such as Spain and Italy, which were affected by the shortage of olive oil, increased their imports substantially, and the United Kingdom too imported more. The Soviet countries imported more from China but less from the Western world.

World consumption of oils and fats is estimated to have increased by 3% in 1956 and stocks again tended to increase, although both the United Kingdom and the United States made disposals from their strategic reserves.

#### MARGARINE AND OTHER EDIBLE FATS

The chief feature of the year was the success of the best quality margarines; butter mixtures too did well. The total increase in tonnage was less than in 1955, chiefly because the rate of increase of margarine sales in Germany was slower. In general, profitability has been maintained, but in some countries rising costs have squeezed profit margins.

Sales of edible fats for the past three years were:—

1954	1955	1956
1,434,000 tons	1,589,000 tons	1,602,000 tons

In the Netherlands, our total sales of edible fats were higher and Blue Band and Planta margarine and Diamant cooking fat more than maintained their share of the market.

In the United Kingdom, Summer County, now the leading butter mixture, had a successful year and total sales of our brands were slightly higher in a market which did not expand. Large quantities of cheap lard were available and this reduced our sales of compound cooking fats.

In Germany our total turnover in edible fats was slightly higher than in 1955. The success of our best quality margarine, Rama, continued, though partly at the expense of our standard quality brand Sanella and some of our other brands.

In Italy, a table margarine was successfully launched and the introduction of a high quality margarine in Finland brought about a sharp rise in sales. In Austria where, having regained possession of our margarine factory in the former Russian zone, we were able to improve the quality of our leading brand, sales increased substantially.

In the United States, there was a considerable expansion in our margarine trade, chiefly due to the introduction of the butter mixture Imperial. Although sales of compound cooking fats fell, the position of our edible fats business in total improved.

Our business in Turkey, Malaya and the Philippines did well. In South Africa, where heavy marketing expenditure was incurred, our turnover rose substantially.

#### SOAPS AND OTHER DETERGENTS

A notable feature of 1956 was the remarkable headway made almost everywhere by our synthetic detergents. These accounted for just under one third of our total detergent sales. Although such well known soap products as Sunlight, Lifebuoy household soap and Lux Toilet exceeded their previous world sales figures, soap and soap products generally showed only a modest gain. In spite of rising costs, keen competition and price controls in several countries, profitability has been maintained. Total sales for the past three years were:—

1954	1955	1956
1,438,000 tons	1,559,000 tons	1,670,000 tons

As we have pointed out in previous years, it should be remembered in considering the figures given above and the growing sales of synthetics, that a ton of synthetic detergents as sold gives a greater detergency than a ton of soap powder.

In the Netherlands, sales rose sharply, the soap powder Radion being particularly successful, but synthetic powders just maintained their tonnage.

In the United Kingdom, in the face of the usual strong competition, we increased our share of the market and results were better than in previous years. Sales of synthetics, notably Omo, were particularly good and the soap products Persil – one of our brands of soap powder in some parts of the world including the British Commonwealth and France – and Lux Flakes again broke their previous record sales.

In France, our trade in synthetics rose substantially. Persil was faced with keen competition. Synthetic products did very well in Germany; Sunil continued to make excellent progress and the sales of Suwa, in an improved form, were also good. But the most remarkable increase was in Italy where Omo, Vim and Lux Toilet soap sales all showed a considerable rise. In the other countries of Europe, sales were higher everywhere.

In the United States, there was a large increase in sales of liquid synthetics. Lux Liquid maintained its leadership as a light duty product and a new heavy duty liquid, Wisk, was introduced. Another development was the introduction of Dove, our first synthetic toilet bar. Synthetic powders in general maintained their sales.

Turnover in South Africa and India continued to be satisfactory, but in Indonesia, although hard soap sold well, toilet soap sales were affected by the disposal of large stocks bought by the trade in 1955.

#### TOILET PREPARATIONS

Our trade in toilet preparations continued the recovery started in 1955. The higher turnover in 1956 resulted in part from an extension of our interests on the Continent, and in part from new products and higher selling prices. Figures for the last three years are:—

1954	1955	1956
Fl. 228,824,000	Fl. 240,932,000	Fl. 298,537,000

Total sales of white toothpaste again increased, but this was partly offset by a fall in sales of chlorophyll toothpastes, which in total continued to decline although they are still popular in certain markets.

Business on the Continent increased almost everywhere. Pepsodent in Germany improved its share of the market.

Turnover in the United States expanded; Pepsodent maintained its position and also increased its sales in the face of the most aggressive competition, which was also met in Canada.

With a relaxation of the controls on imports of essential oils, a sharp recovery in our toilet preparations trade took place in the Argentine. In Indonesia, however, there was a setback, partly because of the disposal of 1955 stocks by the trade and partly because of labour troubles.

In the United Kingdom, Gibbs S.R. once more improved its sales and maintained its position as a leader in this market. Among shampoos, Sunsilks, through the recent addition of a cream version, still maintains a high position. Sunsilks were also launched successfully in Australia during the year.

Profitability in the United Kingdom was below last year's level. The drop was partly caused by more intense competition which meant greatly increased advertising expenditure, particularly for toothpaste and hair preparations.

## FOOD

The figures for the last three years show a continued expansion:—

1954	1955	1956
Fl. 1,342,800,000	Fl. 1,470,225,000	Fl. 1,627,452,000

### FROZEN FOODS

The advance made by Birds Eye frozen foods was outstanding, particularly in the United Kingdom, and on a smaller scale in both Australia and New Zealand.

### TEA

Once again it was not an easy year for our tea business. Our sales in North America remained stationary, although Liptons in the United States increased their share of the market and showed satisfactory results.

### SOUPS

Our soup mixes had a successful year nearly everywhere, particularly in the United Kingdom, Australia, Belgium and France. In the United States, Liptons improved upon their previous record sales. In most countries where we sell soup mixes, new varieties were introduced.

### ICE CREAM

One of the worst summers on record affected Wall's sales of ice cream in the United Kingdom, though this was partly offset by a sharp rise in the sale of fruit ices. In Germany, ice cream sales made further progress.

## CANNED PRODUCTS

Batchelors had a successful year in the United Kingdom and their total sales of canned products exceeded their 1954 record. Associated Canners Limited too did profitable business, largely because of the greater freedom given to them for the importation of their traditional lines in canned fish.

## FISH

Mac Fisheries in the United Kingdom improved their trade. In Germany, the turnover and profits of our trawling business were lower, mainly because of the poor herring catch. But the reductions were largely offset by higher returns from our fish processing and selling businesses.

## MEAT PRODUCTS

Sales of Hartog's meat and meat products in the Netherlands and of Wall's sausages, pies and meat products in the United Kingdom both increased.

## OIL, CAKE AND MEAL

Sales of animal feeding stuffs for the last three years have been:—

1954	1955	1956
3,559,000 tons	3,892,000 tons	4,297,000 tons

The total sales of feeding stuffs in 1956 were the highest yet achieved; turnover increased particularly in the United Kingdom, the Netherlands, France and Germany.

In the United Kingdom, sales of compounds were higher and we increased our share of the market. Important progress was made in the field of compound foods for young livestock and specially equipped plants have been installed for the production of foods of this kind. Sales of poultry food increased substantially.

## OTHER INTERESTS

In the Netherlands, the turnover of our printing business continued to expand. Our paper, printing and packaging materials businesses in Germany enjoyed both larger sales and higher profits, and our transport, shipping and haulage business on the Continent continued to yield satisfactory results.

In the United Kingdom, the slowing down of industrial activity in 1956 affected sales of chemicals by Joseph Crosfield & Sons which, though in volume much the same as in 1955, were less profitable. On the other hand both the oleine and stearine business of Price's (Bromborough) Limited and John Knight's tallow and glue trade increased their earnings.

## PLANTATIONS

During the year we increased the area of our plantations by 3,200 hectares to a total of 70,500 hectares. More than half of this increase was in oil palms in the Belgian Congo and Malaya; smaller increases were made in the acreage of rubber, cocoa, coffee and banana plantations.

Towards the end of the year a pilot scheme was started in French Gaboon, with Government participation, with a view to the development of oil palm plantations.

Production of main crops:

		1954	1955	1956
Palm oil .....	tons	66,600	65,700	67,100
Rubber .....	tons	3,800	4,900	6,300
Copra .....	tons	4,800	4,800	4,800
Bananas .....	stems	397,000	406,000	655,000

Total sales of produce amounted to Fl. 84,758,000 compared with Fl. 76,459,000 in 1955 and there was a satisfactory increase in profits. The increased production of rubber and the previous year's high prices helped to increase our earnings. We were able to obtain the full market price for palm produce grown in the Belgian Congo and Malaya, but the output of our Nigerian plantations had to be sold to the Marketing Boards at fixed prices which were substantially below the market level. Our rubber, cocoa and coffee plantations in the Belgian Congo are still young and will not reach maturity for some while. In our other plantations replanting is carried out as a routine operation.

Our two cattle ranches in the Belgian Congo, which were established to provide supplies of fresh meat for our African employees, have continued to progress satisfactorily and the herds have increased from 3,427 to 4,513 head. We also have 1,512 head of cattle on our Belgian Congo plantations.

Research on fertilisers in Africa, where soil conditions are not as favourable for palms as in Malaya, is now yielding promising results. Local conditions vary greatly within each plantation, and from plantation to plantation, so that a large number of experiments has to be made before improvements can be introduced on a large scale. Research on the milling of palm fruit conducted jointly with other palm oil producers and with the financial support of the Belgian Government has resulted in improved processes.

As in previous years, increasing numbers of Africans are being trained to take over jobs of greater responsibility on both the administrative and technical sides.

#### THE UNITED AFRICA GROUP

In West Africa, including the Belgian Congo, the output of produce for export in 1956 was a little larger than in 1955 and world prices were on the average somewhat higher. British West African producers were not directly affected by the wide fluctuations in prices on the world market because of the existence of the Marketing Boards, and in French West and Equatorial Africa, the producers of cocoa and coffee were shielded from the full impact of world price movements by price stabilization schemes.

Private investment in the Belgian Congo and French territories slackened, whereas in British territories it continued at the previous year's level. Government expenditure was fully maintained in all territories. The volume of currency in circulation in both British West Africa and the Belgian Congo in mid-year was some 11% more than in the previous year, and in French West and Equatorial Africa 4½% more.

The total value of produce handled, merchandise sold and services supplied by the Group in all territories was Fl. 3,088 million: an increase of 6%. The value of merchandise sales, Fl. 1,943 million, was 10% higher, but sales value of produce handled, Fl. 1,041 million, declined by 2%.

## BRITISH WEST AFRICA

Taking the British West African territories as a whole, spending power was no lower than in the previous year and trading conditions were generally good. In each territory sales exceeded those of 1955. Gross margins tended to increase, except margins on textiles in Ghana. Goods were freely available and prices on the whole were steady. Trading activity in department stores continued at a high level.

During the year there was a perceptible change of emphasis in the Group's trading pattern. Its trade in staple commodities continued to give way to business in those spheres where technical knowledge offers attractive returns. In Ghana, it was clear by the end of the year that the rapid increase in merchandise sales in recent years was levelling off. In Nigeria, the adverse effect of the reduced groundnut crop in the current season is already evident. Sierra Leone continues to enjoy a new-found prosperity based on an increase in sales of diamonds through legal and illegal channels, but rates of expansion in an economy depending on such uncertain elements cannot be forecast.

In 1955 the Marketing Board in Eastern Nigeria paid £ 58 a ton for top quality palm oil and £ 48 a ton for the next quality. In 1956 the latter grade was abolished and the price of the top quality oil was fixed at £ 50 a ton. The quality of Nigerian oil continued to improve. The official buying price for groundnuts in Northern Nigeria was lowered from £ 36 to £ 33.10.0*d.* a ton, but at the same time a price of £ 37 a ton was offered for a special grade of groundnuts. The Ghana buying price for cocoa remained unchanged at £ 149, but in Nigeria there was a fall from £ 200 to £ 150 a ton. Competition amongst merchants continued to be keen and, with the influx of more African licensed buying agents, the Group's share of the produce trade diminished.

The Group has undertaken to manage a plastics factory in Western Nigeria, the capital of which is held by the Western Regional Production Development Board, The Yorkshire Copper Works Ltd. and The United Africa Company. The factory at this stage is only a pilot venture and is expected to start production in the first half of 1957. The Group is also considering other local manufacturing projects related to commodities in which it already has established trading interests.

## FRENCH TERRITORIES

The creation of organizations in French Africa similar to the Marketing Boards in British West Africa, has tended to stabilize produce prices not only in those areas but also in the French metropolitan produce markets. The Group's produce results in the French territories were rather better than in 1955. Profits from merchandise sales, however, fell; turnover was maintained despite the lower spending power of the African, but expenses were higher.

An important government measure was introduced in 1956 designed to enable a greater degree of decentralization in the administration of the French African territories.

## BELGIAN CONGO

Merchandise turnover increased, but gross margins decreased slightly because of increased competition. Sales of motor vehicles increased by 26%. The operations of our pharmacy business have so far been disappointing.

## EAST AFRICA

The tonnage of produce purchased was larger than in 1955 and trading results improved. The Middle East situation brought about some speculative buying of East African produce

and margins generally tended to be higher. The diversion of shipments round the Cape has not so far handicapped the East African business. However, in the longer term, the crisis and its aftermath will certainly have repercussions. The Group's business in agricultural equipment and machinery does not yet show the expansion which has been planned.

#### MIDDLE EAST

Trading in barley in Iraq was unsatisfactory and losses were incurred as a result of shipping difficulties. The Group's export of dates to North America declined, but trade with Europe was good. The shift in our merchandise business from acting as buying agents to trading on our own account continued. The current position has caused us to shelve our longer term plans for the time being.

#### TRANSPORT

Palm Line's fleet, which now includes two new fast vessels commissioned in April and October respectively, continued to be fully employed. Six new vessels are on order. There was a formidable rise in charter rates in 1956 and heavy losses will arise from our charter fixtures for the last quarter of the year. These losses should decline progressively as the new ships we are building are taken into service.

The Group's transport department in British West Africa handled a record volume of 4,173,000 tons during 1956, an increase of 500,000 tons over the previous year. The Benue River season was disappointing. Approximately 30 operating days of the 70 day season were lost, owing to an unexpected fall in the river level. The use of a recently installed radio-telephone network, however, enabled the Group to make the best use of its fleet in these unusual conditions.

#### TIMBER OPERATIONS

Despite a difficult year in the hardwood markets, the Group's operations were satisfactory. Turnover increased by 16% to Fl. 51 million. Wage rates rose in Nigeria and profits from the Sapele operations declined. This was, however, more than made up by the Samreboi (Ghana) operations becoming established on a profitable basis. The Group's timber concessions in the Ivory Coast were sold to French buyers; they had not been worked since 1953 owing to transport difficulties.

#### EXPORTS

Export sales for the past three years (including merchandise exports by the United Africa Group) were as follows:—

	1954	1955	1956
Netherlands .....	Fl. 327,406,000	Fl. 329,759,000	Fl. 331,958,000
United Kingdom .....	Fl. 443,326,000	Fl. 548,407,000	Fl. 543,140,000

Our total exports from the Netherlands showed a small increase. The value of shipments of edible fats declined by 24% chiefly because large supplies of cheap American lard were available in world markets, while exports of Magic margarine to the United Kingdom were affected by increased competition. The export of oils increased substantially and that of meat products exceeded the 1955 level.

The value of exports of detergents and toilet preparations from the United Kingdom showed an increase over the previous year's high level, although for our exports of detergents 1956 was a year of exceptional difficulty. Costs in the United Kingdom seem to have risen

more steeply than in competing countries, reducing profitability. In addition, the Suez Canal crisis disrupted shipping to many of our markets and strict import control by the new Sudan Government on common soaps and other items caused a substantial decline in our export tonnage to that country. Exports of edible fats were affected by heavy "gift" sales of surplus American butter and by the accumulation of stocks in the main overseas markets towards the end of 1955; sales fell by 9%. On the other hand there were larger exports of Birds Eye frozen foods, which are now exported to 31 different territories, and of Batchelor's and Wall's products. The United Africa Company's shipments of merchandise from the United Kingdom decreased slightly.

## PERSONNEL

At the Annual General Meetings held in 1956, the Chairmen stressed the importance of recruiting and training men with the right qualities for management. Compared with the growing needs of industry, such men are still in short supply. Yet without, we think, lowering our standards, we have succeeded in recruiting an adequate number of young men in 1956. Our close relations with universities and technical colleges have made a valuable contribution in this respect. The proportion of successful candidates who enter our Management Development Schemes from inside the business has remained about the same. These schemes were extended in the Netherlands and the United Kingdom and in other countries on the Continent.

Courses for junior managers were organised in Germany and Scandinavia as well as in the Netherlands and the United Kingdom. Those in the United Kingdom continued to be attended by a proportion of men from the Continent and overseas. Conferences of a fortnight's duration for senior managers were successfully introduced into this programme. The amount of specialised training increased and included a management course on refining and hardening, which was held in the Netherlands early in 1956 and was attended by managers from all over the world. Increasing attention was paid to the training of supervisory factory staff.

Relations with the Trade Unions were, in general, satisfactory and there were no labour disputes of any significance.

The labour shortage in the Netherlands is still severe. A wage increase in 1956, for which the Government had given permission in accordance with its wage policy, put wages in most of our Dutch businesses up by 6%. In the United Kingdom, where the labour shortage is less acute than in the Netherlands, there has been a greater emphasis on security of employment for factory labour in general and on improving the wage differentials for the skilled worker.

We have continued to strengthen our medical and nursing services at home and overseas.

The value of the assets of the Unilever Pension and Provident Funds rose to nearly Fl. 900 million and the total number of employees covered by the funds increased to 107,400. A further 3,700 are covered under schemes with insurance companies. The total of companies' pension contributions and other payments for employees' retirement provisions, which was Fl. 68 million in 1955, increased to Fl. 76 million in 1956.

## GENERAL

### NETHERLANDS

On 16th November, 1956, the Unilever research laboratory at Vlaardingen was officially opened by the Prime Minister, Dr. W. Drees. The ceremony was attended by many civic authorities, scientists and representatives of industry and commerce.

## INDIA

In December, 1956, LIMITED sold to the Indian public 10% of the capital of its then wholly owned subsidiary, Hindustan Lever Limited, the business of which includes the manufacture and sale of detergents, edible fats, toilet preparations and glycerine. The Company has an issued capital of 5,570,000 fully paid ordinary shares of Rs. 10 each. The 557,000 shares sold were offered, in agreement with the Indian Government, at a price of Rs. 16 as. 8; some 42,500 applications were received asking for more than 3 million shares. The shares sold are now listed on the Bombay Stock Exchange.

## EGYPT

Our small but relatively profitable Egyptian company was put under sequestration by the Egyptian Government at the beginning of November. We understand that the company is continuing to trade for account of the sequestrator. The three British members of the staff returned to the United Kingdom.

## CAPITAL PROJECTS

The continued expansion of the business, together with technological developments involving the replacement of obsolete plant, means that there has been no slackening in the need to plough back profits. New projects totalling Fl. 394 million were approved during 1956 and of these the more important are listed below. The corresponding figure for 1955—Fl. 436 million—included the exceptionally large sum of Fl. 58 million for Palm Line ships as against Fl. 11 million under this head in 1956.

Fl.

### MARGARINE AND OTHER EDIBLE FATS:

Extension of plant for manufacture of speciality fats at Silvertown, England.....	9,842,000
Modernisation and extension of margarine plant at Purfleet and Bromborough, England .....	3,117,000
Margarine plant and storage facilities at Los Angeles and Edgewater, U.S.A.....	4,075,000

### SOAP AND OTHER DETERGENTS:

Plant for production of synthetic detergents and/or chemicals for synthetic detergents at Port Sunlight, England; Milan, Italy; Bombay, India; Toronto, Canada; Hammond and Los Angeles, U.S.A. ....	11,832,000
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### OIL, CAKE AND MEAL:

Replacement of part of quay and of oil hardening plant at Zwijndrecht, Netherlands	2,958,000
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### FOODS OTHER THAN EDIBLE FATS:

Extension of processing and storage facilities for frozen foods, United Kingdom..	20,237,000
First stage of modernising ice cream factory at Godley, England .....	2,809,000
Modernisation and extension of meat products factory, including canteen and employees' welfare facilities, at London, England .....	4,692,000
Ice cream depots, cold stores and customers' refrigerators, United Kingdom ....	5,500,000
Extension of ice cream plant and cold storage at Hamburg, ice cream depots and customers' refrigerators, Germany .....	3,979,000
Tea-bagging machines for U.S.A. ....	3,905,000
Extension of facilities for meat products and dried soups at Oss, Netherlands ....	5,363,000

### PLANTATIONS:

Housing and welfare facilities for employees.....	2,766,000
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	Fl.
<b>THE UNITED AFRICA GROUP:</b>	
Cargo vessel for Palm Line .....	11,000,000
Integrated tug and barge unit for river fleet at Burutu, Nigeria .....	5,320,000
Housing and welfare facilities for employees .....	5,437,000
<b>GENERAL:</b>	
New factory for oil milling and production of soap, edible oils and fats, at Champs Fleurs, Trinidad .....	7,937,000
Additional facilities for manufacture of plastic foil at Forchheim, Germany .....	2,670,000
Storage and distribution depots in the United Kingdom .....	11,300,000
Motor vehicles (less sales of old vehicles).....	39,453,000
Housing and welfare facilities for employees .....	4,458,000

### **MEMBERSHIP**

At 31st December, 1956, the number of stockholders in LIMITED was 189,810. Nearly all the share capital of N.V. is represented by bearer scrip and the number of members cannot be ascertained.

### **DIRECTORS**

Mr. Colin Baxter, Mr. A. F. H. Blaauw, Mr. F. J. Pedler and Dr. E. G. Woodrooffe were elected Directors of N.V. and of LIMITED in May, 1956.

All the Directors retire in accordance with Article 15 of the Articles of Association and offer themselves for re-election, with the exception of Mr. A. E. J. Simon Thomas, who has reached retirement age, and whose many years of valuable service to the Company are recorded with thanks.

### **AUDITORS**

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

ROTTERDAM, 19th March 1957.

ON BEHALF OF THE BOARD,

F. J. TEMPEL, *Chairman.*

HEYWORTH, *Vice-Chairman.*

## **“PROGRESS”**

*PROGRESS, Unilever's quarterly magazine published in England, contains articles by experts inside and outside the business on current topics in which the Group is interested.*

*Shareholders of Unilever N.V. who are not already on our list and would like to receive complimentary copies are invited to send their names and addresses to Unilever N.V., Postbus 760, Rotterdam.*

## STATEMENT A

CONSOLIDATED PRO  
UNILEVER N.V. AND UNILEVER

Figures in red

1955				1956		
N.V.	LIMITED	Combined		Combined	N.V.	LIMITED
Fl.	Fl.	Fl.		Fl.	Fl.	Fl.
474,909,000	434,332,000	909,241,000	<b>I. TRADING PROFIT</b> .....	1,053,669,000	554,799,000	498,870,000
3,279,000	11,276,000	14,555,000	II. INCOME FROM TRADE INVESTMENTS ..	15,884,000	3,610,000	12,274,000
8,351,000	10,535,000	18,886,000	III. INTEREST ON LOAN CAPITAL .....	18,521,000	8,129,000	10,392,000
469,837,000	435,073,000	904,910,000	<b>IV. PROFIT BEFORE TAXATION</b> ..	1,051,032,000	550,280,000	500,752,000
241,296,000	225,853,000	467,149,000	V. TAXATION ON PROFIT FOR THE YEAR	551,923,000	296,568,000	255,355,000
228,541,000	209,220,000	437,761,000	<b>VI. PROFIT FOR THE YEAR AFTER TAXATION</b> .....	499,109,000	253,712,000	245,397,000
			VII. EXCEPTIONAL ITEMS			
18,792,000	32,001,000	50,793,000	a. Taxation adjustments — previous years .....	30,452,000	4,055,000	26,397,000
2,065,000	12,038,000	14,103,000	b. Other .....	4,495,000	10,813,000	6,318,000
			VIII. AMOUNTS ATTRIBUTABLE TO OUTSIDE SHAREHOLDERS' INTERESTS IN SUBSIDIARIES .....			
13,160,000	9,442,000	22,602,000		23,577,000	13,629,000	9,948,000
236,238,000	243,817,000	480,055,000	<b>IX. CONSOLIDATED NET PROFIT</b>	501,489,000	233,325,000	268,164,000
			X. PREFERENTIAL DIVIDENDS OF PARENT COMPANIES .....			
11,660,000	46,255,000	57,915,000		57,997,000	11,742,000	46,255,000
—	19,658,000	19,658,000	Less: United Kingdom income tax	19,658,000	—	19,658,000
11,660,000	26,597,000	38,257,000		38,339,000	11,742,000	26,597,000
224,578,000	217,220,000	441,798,000	<b>XI. PROFIT ACCRUING TO ORDINARY AND DEFERRED CAPITAL</b> .....	463,150,000	221,583,000	241,567,000
			XII. ORDINARY AND DEFERRED DIVIDENDS OF PARENT COMPANIES			
53,388,000	44,821,000	98,209,000	Ordinary (N.V. 15½%; LIMITED 17½%) .....	108,909,000	59,108,000	49,801,000
—	64,000	64,000	Deferred .....	64,000	—	64,000
—	19,076,000	19,076,000	Less: United Kingdom income tax	21,192,000	—	21,192,000
53,388,000	25,809,000	79,197,000		87,781,000	59,108,000	28,673,000
171,190,000	191,411,000	362,601,000	<b>XIII. PROFIT RETAINED IN THE BUSINESS</b> .....	375,369,000	162,475,000	212,894,000

**FIT AND LOSS ACCOUNTS**  
**LIMITED AND THEIR SUBSIDIARIES**

**STATEMENT A**

*represent deductions.*

NOTES

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

1955				1956		
N.V.	LIMITED	Combined		Combined	N.V.	LIMITED
Fl.	Fl.	Fl.		Fl.	Fl.	Fl.
92,898,000	91,073,000	183,971,000	Depreciation .....	205,851,000	104,655,000	101,196,000
1,186,000	1,711,000	2,897,000	Emoluments of Directors as managers .....	3,620,000	1,267,000	2,353,000
92,000	385,000	477,000	Pensions to former Directors	571,000	139,000	432,000
<u>94,176,000</u>	<u>93,169,000</u>	<u>187,345,000</u>		<u>210,042,000</u>	<u>106,061,000</u>	<u>103,981,000</u>

Trading profit includes income from investments, N.V. Fl. 3,416,000 (Fl. 2,402,000), LIMITED Fl. 9,378,000 (Fl. 4,597,000).

v. In LIMITED, taxation comprises United Kingdom income and profits taxes Fl. 242,012,000 (including profits tax on dividends of LIMITED, Fl. 23,482,000) less foreign tax relief of Fl. 62,265,000, and foreign taxes of Fl. 75,608,000.

vii. Taxation adjustments arise mainly from release of provisions no longer required.

Exceptional items, Other, are shown after deduction of taxation and include profits less losses on disposal of fixed assets and other items not applicable to current trading.

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. Profit retained in the business is represented by additions to the balances in:

1955				1956		
N.V.	LIMITED	Combined		Combined	N.V.	LIMITED
Fl.	Fl.	Fl.		Fl.	Fl.	Fl.
20,844,000	57,688,000	78,532,000	Parent Companies .....	87,963,000	19,714,000	68,249,000
150,346,000	133,723,000	284,069,000	Subsidiaries .....	287,406,000	142,761,000	144,645,000
<u>171,190,000</u>	<u>191,411,000</u>	<u>362,601,000</u>		<u>375,369,000</u>	<u>162,475,000</u>	<u>212,894,000</u>

GENERAL

The net profits of the Parent Companies, N.V. Fl. 90,564,000, LIMITED £ 11,609,000 (Fl. 123,519,000), include revenue from subsidiaries to the extent to which profits of direct subsidiaries have been declared as dividends. A number of direct subsidiaries are themselves holding companies. The results of some of these companies incorporate those of their subsidiaries as if they had distributed all their profits to their holding companies. Dividends declared by direct subsidiaries may therefore be represented partly by dividends, including bonus shares, from their subsidiaries and partly by profits retained by those subsidiaries.

## STATEMENT B

**CONSOLIDATED**  
UNILEVER N.V. AND UNILEVER

*Figures in red*

31st December 1955			31st December 1956		
N.V.	LIMITED	Combined	<b>CAPITAL EMPLOYED</b>		
Fl.	Fl.	Fl.	Combined	N.V.	LIMITED
<b>215,851,000</b>	<b>598,966,000</b>	<b>814,817,000</b>	<b>I. PREFERENTIAL CAPITAL—PARENT COMPANIES</b> . . . . .		
			<b>814,831,000</b>	<b>215,865,000</b>	<b>598,966,000</b>
			<b>II. ORDINARY CAPITAL AND RESERVES</b>		
			<i>a. Ordinary capital—Parent Companies</i> . . . . .		
378,946,000	284,578,000	663,524,000	663,524,000	378,946,000	284,578,000
703,559,000	1,282,078,000	1,985,637,000	<i>b. Profits retained in the business and other reserves</i> . . . . .		
			2,385,251,000	860,915,000	1,524,336,000
<b>1,082,505,000</b>	<b>1,566,656,000</b>	<b>2,649,161,000</b>	<b>ORDINARY SHAREHOLDERS' FUNDS—PARENT COMPANIES</b> . . . . .		
			<b>3,048,775,000</b>	<b>1,239,861,000</b>	<b>1,808,914,000</b>
<b>92,473,000</b>	<b>153,256,000</b>	<b>245,729,000</b>	<b>III. OUTSIDE SHAREHOLDERS' INTERESTS IN SUBSIDIARIES</b> . . . . .		
			<b>261,175,000</b>	<b>99,126,000</b>	<b>162,049,000</b>
<b>231,318,000</b>	<b>265,824,000</b>	<b>497,142,000</b>	<b>IV. LOAN CAPITAL</b> . . . . .		
			<b>483,445,000</b>	<b>225,353,000</b>	<b>258,092,000</b>
<b>149,772,000</b>	<i>149,772,000</i>	—	<b>V. N.V./LIMITED INTER-GROUP ITEMS</b>		
			—	<b>167,555,000</b>	<i>167,555,000</i>
<b>106,000,000</b>	<b>272,384,000</b>	<b>378,384,000</b>	<b>VI. FUTURE TAXATION</b> . . . . .		
			<b>399,152,000</b>	<b>114,000,000</b>	<b>285,152,000</b>
<b>1,877,919,000</b>	<b>2,707,314,000</b>	<b>4,585,233,000</b>	<b>5,007,378,000</b>	<b>2,061,760,000</b>	<b>2,945,618,000</b>
			<b>EMPLOYMENT OF CAPITAL</b>		
<b>927,383,000</b>	<b>973,902,000</b>	<b>1,901,285,000</b>	<b>VII. LAND, BUILDINGS, PLANTATIONS, SHIPS, PLANT AND EQUIPMENT</b> . . . . .		
			<b>2,122,769,000</b>	<b>1,012,658,000</b>	<b>1,110,111,000</b>
<b>62,843,000</b>	—	<b>62,843,000</b>	<b>VIII. INTERESTS NOT CONSOLIDATED</b> . . . . .		
			<b>62,714,000</b>	<b>62,714,000</b>	—
<b>23,732,000</b>	<b>54,085,000</b>	<b>77,817,000</b>	<b>IX. TRADE INVESTMENTS</b> . . . . .		
			<b>103,001,000</b>	<b>26,172,000</b>	<b>76,829,000</b>
<b>1,013,958,000</b>	<b>1,027,987,000</b>	<b>2,041,945,000</b>	<b>FIXED ASSETS</b>		
			<b>X. CURRENT ASSETS</b>		
1,022,357,000	1,424,847,000	2,447,204,000	<i>a. Stocks</i> . . . . .		
405,043,000	763,424,000	1,168,467,000	2,584,885,000	1,113,246,000	1,471,639,000
88,555,000	200,810,000	289,365,000	<i>b. Debtors</i> . . . . .		
199,599,000	205,806,000	405,405,000	1,218,481,000	441,869,000	776,612,000
			<i>c. Investments</i> . . . . .		
			340,326,000	107,411,000	232,915,000
			<i>d. Cash and bank balances</i> . . . . .		
			453,368,000	264,338,000	189,030,000
<b>1,715,554,000</b>	<b>2,594,887,000</b>	<b>4,310,441,000</b>	<b>4,597,060,000</b>	<b>1,926,864,000</b>	<b>2,670,196,000</b>
			<b>XI. CURRENT LIABILITIES</b>		
429,562,000	491,706,000	921,268,000	<i>a. Creditors</i> . . . . .		
174,160,000	178,499,000	352,659,000	1,032,460,000	539,698,000	492,762,000
206,657,000	212,674,000	419,331,000	<i>b. Short term borrowings</i> . . . . .		
41,214,000	32,681,000	73,895,000	286,402,000	133,398,000	153,004,000
			<i>c. Taxation and contingencies</i> . . . . .		
			476,731,000	246,503,000	230,228,000
			<i>d. Dividends</i> . . . . .		
			82,573,000	47,049,000	35,524,000
<i>851,593,000</i>	<i>915,560,000</i>	<i>1,767,153,000</i>	<b>1,878,166,000</b>	<b>966,648,000</b>	<b>911,518,000</b>
<b>863,961,000</b>	<b>1,679,327,000</b>	<b>2,543,288,000</b>	<b>NET CURRENT ASSETS</b>		
			<b>2,718,894,000</b>	<b>960,216,000</b>	<b>1,758,678,000</b>
<b>1,877,919,000</b>	<b>2,707,314,000</b>	<b>4,585,233,000</b>	<b>5,007,378,000</b>	<b>2,061,760,000</b>	<b>2,945,618,000</b>

## LIMITED AND THEIR SUBSIDIARIES

represent deductions.

## NOTES

- 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. 62,714,000 referred to under VIII below.

- iv. Loan Capital is secured to the extent of N.V. Fl. 40,431,000, LIMITED Fl. 249,580,000.

- 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. In order to present a clearer view of the Group's liquidity the taxation liabilities have been restated. Future taxation as now shown for both LIMITED and N.V. includes, in addition to United Kingdom income tax on the profits of 1956, taxes which would only become payable if profits retained by subsidiaries were distributed to the holding companies, and certain other taxes which are not in the nature of current liabilities. For comparison, the figures at 31st December, 1955, have been amended to the same basis.

- vii. Details of movements in 1956 and the composition of the net values at 31st December, 1956, are given in statement D.

- viii. This comprises interests in Czechoslovakia, Yugoslavia, Roumania, Poland, Hungary and China.

- ix. This includes interests in companies in which 50% of the ordinary capital is owned, 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. 2,546,000 written off; the increase during the year arises mainly from the receipt of bonus shares.

- x. Investments comprise - quoted, N.V. Fl. 84,873,000, LIMITED Fl. 200,472,000 - market value, N.V. Fl. 93,178,000, LIMITED Fl. 197,936,000 - and other items, mainly monies on call and short notice.

- xi. Short term borrowings in N.V. are secured to the extent of Fl. 35,996,000.

## GENERAL

Foreign currencies have been converted at the appropriate official parities or other current rates of exchange. It should be borne in mind, however, 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.

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

The commitments for capital expenditure at 31st December, 1956, were approximately - N.V. Fl. 51,000,000, LIMITED Fl. 151,000,000.

## STATEMENT C

### RESERVES

Representing a consolidation of the figures of N.V. and LIMITED and their subsidiaries.

Figures in red represent deductions.

	Combined	N.V.		LIMITED	
		Parent	Subsidiaries	Parent	Subsidiaries
	Fl.	Fl.	Fl.	Fl.	Fl.
<b>PREMIUMS ON CAPITAL ISSUED</b>					
At 1st January, 1956 .....	1,117,000	1,117,000	—	—	—
Arising on issue of 6% cumulative preference capital .....	6,000	6,000	—	—	—
Costs of increase in capital .....	4,000	4,000	—	—	—
At 31st December, 1956 .....	1,119,000	1,119,000	—	—	—
<b>SURPLUS ON STATUTORY REVALUATIONS OF FIXED ASSETS, ETC.</b>					
At 1st January, 1956 .....	16,304,000	—	16,304,000	—	—
Adjustments during the year .....	2,309,000	—	2,309,000	—	—
At 31st December, 1956 .....	13,995,000	—	13,995,000	—	—
<b>PROFITS RETAINED IN THE BUSINESS</b>					
At 1st January, 1956 .....	1,968,216,000	118,860,000	567,278,000	572,819,000	709,259,000
Bonus shares received from trade investments .....	21,280,000	—	—	21,280,000	—
Adjustment for bonus shares received from subsidiaries ..	—	—	—	31,127,000	31,127,000
Exchange and other adjustments arising on consolidation	5,272,000	—	2,812,000	—	8,084,000
Profit of 1956 retained – see statement A .....	375,369,000	19,714,000	142,761,000	68,249,000	144,645,000
At 31st December, 1956 .....	2,370,137,000	138,574,000	707,227,000	693,475,000	830,861,000
		139,693,000	721,222,000	693,475,000	830,861,000
<b>TOTAL</b>	2,385,251,000	860,915,000		1,524,336,000	

#### NOTE

Profits retained in the business include stock reserves, N.V. Fl. 21,600,000 and LIMITED Fl. 104,272,000.

**STATEMENT D**

**LAND, BUILDINGS, PLANTATIONS, SHIPS, PLANT AND EQUIPMENT**

*Representing a consolidation of the figures of N.V. and LIMITED and their subsidiaries.*

*Figures in red represent deductions.*

1955				1956		
N.V.	LIMITED	Combined		Combined	N.V.	LIMITED
Fl.	Fl.	Fl.		Fl.	Fl.	Fl.
<b>COST OR VALUATION</b>						
1,375,960,000	1,239,848,000	2,615,808,000	At 1st January .....	2,922,259,000	1,542,498,000	1,379,761,000
156,582,000	168,243,000	324,825,000	Expenditure .....	429,783,000	187,903,000	241,880,000
12,337,000	14,021,000	26,358,000	Proceeds of sales .....	32,958,000	18,681,000	14,277,000
694,000	14,309,000	15,003,000	Adjustments on disposals and conversion differences .....	41,122,000	28,632,000	12,490,000
1,519,511,000	1,379,761,000	2,899,272,000	At 31st December .....	3,277,962,000	1,683,088,000	1,594,874,000
<b>DEPRECIATION</b>						
506,106,000	335,994,000	842,100,000	At 1st January .....	1,005,087,000	599,228,000	405,859,000
92,898,000	91,073,000	183,971,000	Charged to revenue .....	205,851,000	104,655,000	101,196,000
6,876,000	21,208,000	28,084,000	Adjustments on disposals and conversion differences .....	55,745,000	33,453,000	22,292,000
592,128,000	405,859,000	997,987,000	At 31st December .....	1,155,193,000	670,430,000	484,763,000
927,383,000	973,902,000	1,901,285,000	<b>NET BALANCE SHEET VALUES</b>	2,122,769,000	1,012,658,000	1,110,111,000
<b>DETAILS OF NET BALANCE SHEET VALUES</b>						
415,438,000	459,533,000	874,971,000	Land, buildings and plantations .....	964,042,000	444,398,000	519,644,000
511,945,000	514,369,000	1,026,314,000	Ships, plant and equipment .....	1,158,727,000	568,260,000	590,467,000
927,383,000	973,902,000	1,901,285,000		2,122,769,000	1,012,658,000	1,110,111,000

**NOTES**

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

In N.V. the movements between the balances at 31st December, 1955, and those shown for 1st January, 1956, arise from the consolidation in 1956 of new subsidiaries.

## SUMMARY OF CONSOLIDATED FIGURES 1947—1956

*N.V. and LIMITED Groups.*

(000's omitted)

	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956
	Fl.	Fl.	Fl.	Fl.	Fl.	Fl.	Fl.	Fl.	Fl.	Fl.
Turnover .....	5,124,324	6,601,778	8,521,544	10,521,576	12,825,956	12,983,258	13,900,384	15,294,245	16,119,462	17,784,122
Trading Profit .....	346,963	321,743	339,921	555,209	573,849	411,788	654,125	745,813	909,241	1,053,669
Taxation for the year ...	205,064	187,231	199,319	313,859	350,952	234,666	359,249	406,631	467,149	551,923
Exceptional Items .....	887	28,556	62,212	6,661	25,938	52,025	6,107	28,374	64,896	25,957
Consolidated Net Profit ..	91,003	111,814	208,333	204,573	200,433	222,769	274,001	338,931	480,055	501,489
Dividends:										
Preferential .....	36,327	37,141	37,019	37,019	35,863	35,726	36,947	37,019	38,257	38,339
Ordinary and Deferred	23,395	23,395	23,358	31,002	31,003	39,058	45,869	62,515	79,197	87,781
Profit retained in the business .....	31,281	51,278	147,956	136,552	133,567	147,985	191,185	239,397	362,601	375,369
Profit in relation to Ordinary Shareholders' Funds:	%	%	%	%	%	%	%	%	%	%
Distributed .....	2.2	1.9	1.6	1.8	1.5	* 2.2	2.4	2.7	3.0	2.9
Retained .....	3.0	4.3	10.4	8.1	6.7	* 8.5	9.8	10.5	13.7	12.3
Preferential Capital .....	814,662	814,972	812,102	812,102	812,102	808,724	810,413	812,102	814,817	814,831
Ordinary Shareholders' Funds:										
Capital .....	316,003	316,003	315,320	315,320	394,750	393,723	394,237	530,684	663,524	663,524
Reserves .....	736,963	884,644	1,112,589	1,363,699	1,611,103	*1,355,129	1,548,839	1,744,897	1,985,637	2,385,251
Outside Shareholders' Interests .....	183,550	185,072	192,616	194,665	218,002	* 226,851	233,488	238,374	245,729	261,175
Loan Capital .....	111,205	194,925	360,183	473,107	622,877	621,987	595,722	518,869	497,142	483,445
Future Taxation** .....	175,292	150,946	199,280	236,752	304,056	288,788	338,335	362,640	378,384	399,152
Total Capital Employed	2,337,675	2,546,562	2,992,090	3,395,645	3,962,890	3,695,202	3,921,034	4,207,566	4,585,233	5,007,378

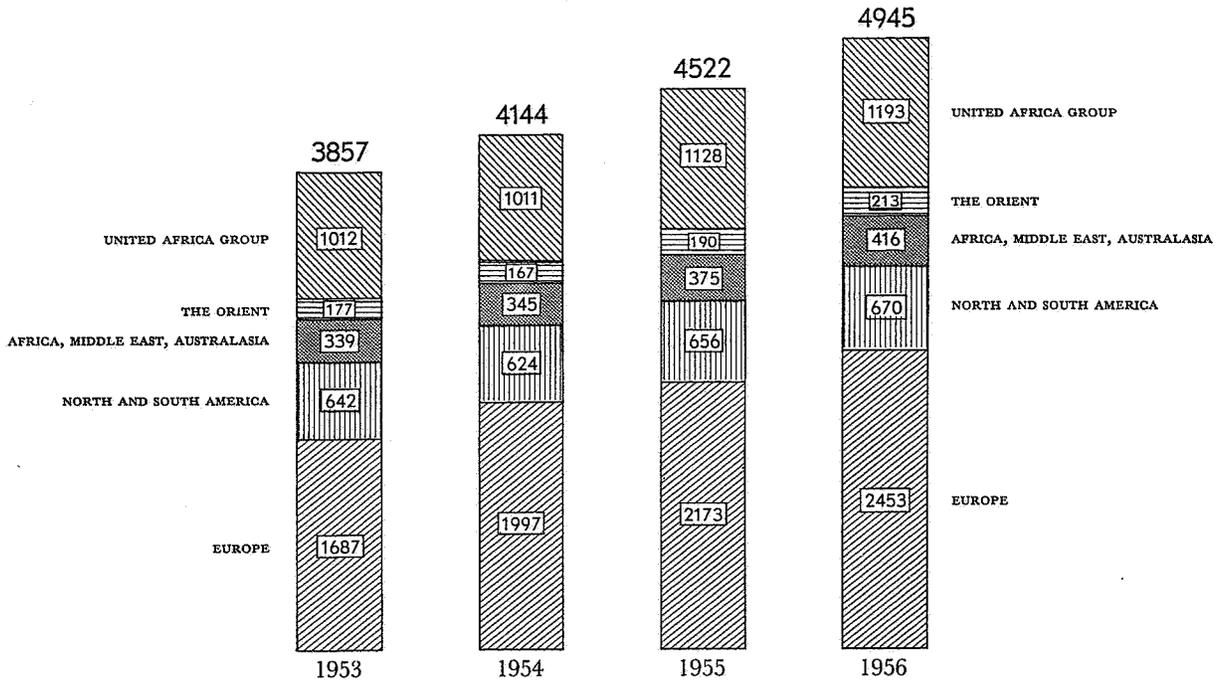
\* As adjusted for elimination of Premiums and Goodwill and other changes in the presentation of the accounts.

\*\* The figures for previous years have been amended - see Statement B, Note VI.

### CAPITAL EMPLOYED 1953-1956 BY GEOGRAPHICAL AREAS

(Excluding Interests Not Consolidated)

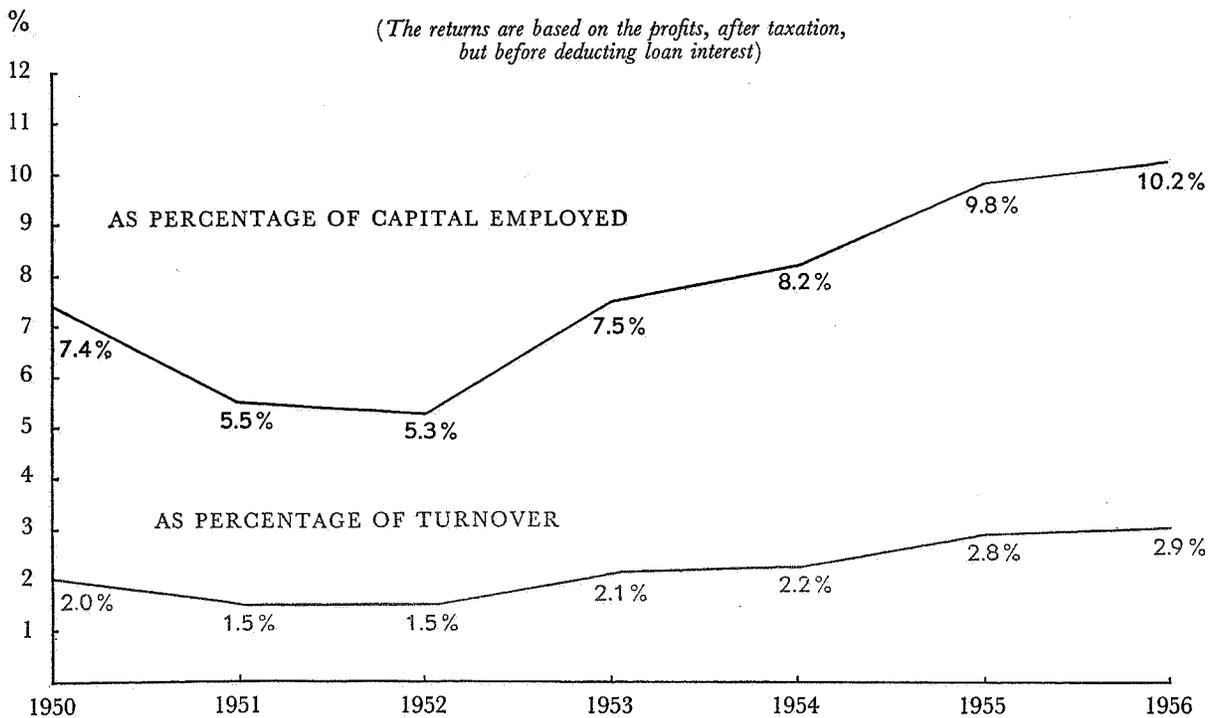
Figures represent Fl. millions.



The figures for previous years have been amended to take account of the revised basis of stating future taxation; see Statement B, Note VI.

### RETURN ON CAPITAL EMPLOYED AND ON TURNOVER

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



The return on capital employed for previous years has been amended to take account of the revised basis of stating future taxation; see Statement B, Note VI.

## STATEMENT E

UNILE  
BALANCE SHEET AT

Figures in red

1955		CAPITAL EMPLOYED		
Fl.	Fl.	Fl.	Fl.	Fl.
		<i>Authorised</i>	<i>Issued and fully paid</i>	
		<b>I. PREFERENTIAL CAPITAL</b>		
	29,000,000	7% Cumulative Preference ..... } <i>Ranking</i> ....	30,000,000	29,000,000
	111,851,000	6% Cumulative Preference ..... } <i>pari</i> ....	125,000,000	111,865,000
	75,000,000	4% Redeemable Cumulative Preference } <i>passu</i> ....	75,000,000	75,000,000
<b>215,851,000</b>			<u>230,000,000</u>	<b>215,865,000</b>
		<b>II. ORDINARY CAPITAL AND RESERVES</b>		
	381,346,000	ORDINARY CAPITAL .....	<u>500,000,000</u>	381,346,000
	1,117,000	PREMIUMS ON CAPITAL ISSUED .....		1,119,000
	118,860,000	PROFITS RETAINED IN THE BUSINESS .....		<u>138,574,000</u>
<b>501,323,000</b>				<b>521,039,000</b>
<b>23,123,000</b>		<b>III. INDEBTEDNESS TO LIMITED GROUP.....</b>		
<b>740,297,000</b>				<b>21,691,000</b>
				<b>758,595,000</b>
		<b>EMPLOYMENT OF CAPITAL</b>		
		<b>IV. INTERESTS IN SUBSIDIARIES</b>		
	260,681,000	Shares at cost .....		260,700,000
	517,874,000	Advances .....		518,262,000
	778,555,000			778,962,000
	14,633,000	<i>Less: Deposits</i> .....		<u>15,484,000</u>
<b>763,922,000</b>				<b>763,478,000</b>
		<b>V. CURRENT ASSETS</b>		
	2,589,000	Debtors and payments in advance (Fl. 285,000) .....	2,332,000	
	54,522,000	Investments .....	37,022,000	
	57,111,000	Cash and bank balances .....	<u>43,337,000</u>	82,691,000
		<b>VI. CURRENT LIABILITIES AND PROVISIONS</b>		
	9,066,000	Creditors and accrued liabilities .....	8,183,000	
	32,432,000	Taxation and contingencies .....	34,432,000	
	39,238,000	Dividends, due or proposed .....	<u>44,959,000</u>	
	80,736,000			<u>87,574,000</u>
<b>23,625,000</b>				<b>4,883,000</b>
<b>740,297,000</b>				<b>758,595,000</b>
		ON BEHALF OF THE BOARD,		
		F. J. TEMPEL, <i>Chairman</i>		
		HEYWORTH, <i>Vice-Chairman</i>		

31st DECEMBER 1956

*represent deductions.*

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**NOTES**

- I. Fl. 14,000 of 6% Cumulative Preference Capital was issued to shareholders of a subsidiary, Van den Bergh's en Jurgens' Fabrieken N.V., in exchange for Fl. 8,200 of A and B 6% Participating Preference Capital of that Company.

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

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

Details of reserves are set out in statement C.

The Company's reserves are subject to any provisions which may be required against interests in Czechoslovakia, Yugoslavia, Roumania, Poland, Hungary and China held by subsidiaries at a book value of Fl. 62,714,000.

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

Investments are at cost and comprise Treasury Bills and moneys on call and short notice.

**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.

1955		CAPITAL EMPLOYED				
£	£		£	£	£	
			<i>Authorised</i>	<i>Issued and fully paid</i>		
	35,984,690	I. PREFERENTIAL CAPITAL				
	2,360,000	7% Cumulative Preference } <i>Ranking</i> .....	35,984,690	35,984,690		
	15,661,749	5% Cumulative Preference } <i>pari passu</i> .....	4,015,310	2,360,000		
	2,287,312	8% Cumulative A Preference .....	40,000,000	15,661,749		
		20% Cumulative Preferred Ordinary .....	2,287,312	2,287,312		
<b>56,294,000</b>	<b>56,293,751</b>		<b>82,287,312</b>	<b>56,293,751</b>	<b>56,294,000</b>	
		II. ORDINARY AND DEFERRED CAPITAL AND PROFITS RETAINED				
	26,746,109	CAPITAL				
	100,000	Ordinary .....	59,031,438	26,746,109		
		Deferred .....	100,000	100,000		
	<b>26,846,000</b>		<b>59,131,438</b>	<b>26,846,000</b>		
	<b>53,836,000</b>	PROFITS RETAINED IN THE BUSINESS .....		65,176,000		
<b>80,682,000</b>					<b>92,022,000</b>	
	9,904,000	III. LOAN CAPITAL				
	13,989,000	3 <sup>3</sup> / <sub>4</sub> % Debenture Stock, 1955/75 } <i>Ranking</i> .....		9,297,000		
		4% Debenture Stock, 1960/80 } <i>pari passu</i> .....		13,690,000		
<b>23,893,000</b>					<b>22,987,000</b>	
<b>3,750,000</b>		IV. FUTURE UNITED KINGDOM TAXATION .....			<b>4,711,000</b>	
<b>164,619,000</b>					<b>176,014,000</b>	
<b>13,211,000</b>		V. <i>Less</i> : INDEBTEDNESS OF N.V. GROUP .....			<b>12,892,000</b>	
<b>151,408,000</b>					<b>163,122,000</b>	
		EMPLOYMENT OF CAPITAL				
		VI. FIXED ASSETS	£	£		
	2,903,000		<i>Cost or Valuation</i>	<i>Depreciation</i>		
	931,000	Land and buildings .....	3,134,000	258,000	2,876,000	
		Plant and office equipment .....	1,321,000	328,000	993,000	
	<b>3,834,000</b>		<b>4,455,000</b>	<b>586,000</b>	<b>3,869,000</b>	
	<b>3,196,000</b>	Trade investments .....			5,152,000	
<b>7,030,000</b>					<b>9,021,000</b>	
	115,343,000	VII. INTERESTS IN SUBSIDIARIES				
	52,753,000	Shares .....		120,506,000		
	168,096,000	Advances .....		58,689,000		
	37,989,000	<i>Less</i> : Deposits .....		179,195,000		
<b>130,107,000</b>				42,480,000		
	530,000	VIII. CURRENT ASSETS	£			
	16,789,000	Debtors and payments in advance .....	543,000			
	6,063,000	Investments .....	19,836,000			
		Cash and bank balances .....	7,567,000			
	<b>23,382,000</b>				27,946,000	
	2,204,000	IX. CURRENT LIABILITIES				
	4,154,000	Creditors and accrued liabilities .....	2,298,000			
	2,753,000	Taxation .....	5,240,000			
		Dividends (net) due or proposed .....	3,022,000			
	<b>9,111,000</b>				10,560,000	
<b>14,271,000</b>					<b>17,386,000</b>	
<b>151,408,000</b>					<b>163,122,000</b>	
		HEYWORTH, <i>Chairman</i>				
		F. J. TEMPEL, <i>Vice-Chairman</i>				

31st DECEMBER 1956

*represent deductions.*

## NOTES

- II. £ 50,000 Deferred Stock is held by a subsidiary of LIMITED and £ 50,000 by a subsidiary of N.V.  
Details of profits retained in the business are set out in statement C at their guilder equivalent.
- III. The two issues of debenture stock are secured by a floating charge on the assets of the Company. During the year £ 607,000 of 3<sup>3</sup>/<sub>4</sub>% Debenture Stock 1955/75 and £ 299,000 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, less amounts written off £ 2,486,000.
- VIII. Investments comprise Treasury Bills £ 17,063,000, stated at market value, and Municipal Loans at call £ 2,773,000.

## GENERAL

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

The estimated commitments for capital expenditure at 31st December, 1956, were £ 535,000 including £ 370,000 on behalf of subsidiaries.

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

## 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. 62,714,000 and are referred to in note II in Statements B and E. As in past years the company's net profit Fl. 90,564,000 shown in the general note in Statement A has been arrived at after crediting dividends from its direct subsidiaries which are represented in part by profits of their subsidiaries capitalised by them as bonus shares or retained and not declared as dividend.

Subject to the foregoing remarks, we have obtained all the information and explanations which we considered necessary and in our opinion the said accounts, in conjunction with the relative notes, give a true and fair view of the state of the company's affairs as at 31st December, 1956, and of its profit for the year 1956.

19th March, 1957.

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, 1956, are estimated accounts based on unaudited returns at 31st December, 1956. We have obtained all the information and explanations which we considered necessary and it is our opinion that, in conjunction with the relative notes, the accounts give the information required by the Companies Act, 1948.

We are of the opinion that, in conjunction with the relative notes, 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, 1956, 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 1956.

19th March, 1957.

COOPER BROTHERS & Co.  
PRICE WATERHOUSE & Co.