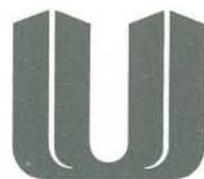


Unilever Report and Accounts 1972



UNILEVER



Report and

accounts

1972

UNILEVER N.V.

Directors

G. D. A. Klijstra , chairman	G. E. Graham
E. G. Woodroofe , vice-chairman	C. T. C. Heyning
A. W. J. Caron , vice-chairman	H. F. van den Hoven
A. I. Anderson	J. J. H. Nagel
M. R. Angus	M. Ormerod
W. B. Blaisse	D. A. Orr
E. Brough	E. Smit
J. G. Collingwood	A. W. P. Stenham
R. H. Del Mar	S. G. Sweetman
J. P. Erbé	The Viscount Trenchard
J. M. Goudswaard	K. H. Veldhuis

Advisory directors

H. S. A. Hartog
R. Mueller
J. H. van Roijen
H. J. Witteveen

Secretaries

C. Zwagerman
H. A. Holmes

Auditors

Price Waterhouse & Co.
Cooper Brothers & Co.

A special survey of part of Unilever's Food and Drinks activities is issued as a supplement to this Report.

Unilever

Unilever comprises Unilever N.V., Rotterdam (**N.V.**) and Unilever Limited, London (**Limited**) and their respective subsidiary companies which operate in more than seventy countries and are mainly engaged in the manufacture and sale of a wide variety of goods for household use. The principal products are foods (including margarine, other fats and oils; ice-cream; frozen and other packaged 'convenience' foods; meat and fish); detergents and toilet preparations; paper, plastics, packaging; chemicals; and animal feeds. Through the United Africa Group a substantial business is carried on mainly—but not exclusively—in Africa as merchants and retailers, as timber producers

and manufacturers of timber products, in diverse industrial ventures, and in the operation of an ocean fleet. Unilever also has interests in plantations.

N.V. and **Limited** have identical Boards of Directors and are linked by agreements, including an Equalisation Agreement which requires dividends and other rights and benefits (including rights on liquidation) attaching to each Fl. 12 nominal of ordinary capital of **N.V.** to be equal in value at the current Guilder/Sterling rate of exchange to those attaching to each £1 nominal of ordinary share capital of **Limited** as if each such unit formed part of the ordinary capital of one and the same company. In consequence,

the combined affairs of **N.V.** and **Limited** are more important to shareholders than the separate affairs of either company.

The Report and Accounts as usual combine the results and operations of **N.V.** and **Limited**.

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

The report and accounts of **Limited**, which are in English with the figures expressed in sterling, contain the same information as this document.

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Sales to third parties, profit and capital employed by geographical areas 1962 and 1972

Sales to third parties

	Total Fl. million	Percentages			
		Amounts			
		Europe	N. & S. America	Africa	Rest of the world
1972	26,832	65 17,420	14 3,717	13 3,515	8 2,180
1962	14,972	61 9,179	16 2,333	16 2,378	7 1,082

Profit¹⁾

	Total Fl. million	Percentages			
		Amounts			
		Europe	N. & S. America	Africa	Rest of the world
1972	1,110	69 763	12 132	12 130	7 85
1962	550	72 396	15 81	6 35	7 38

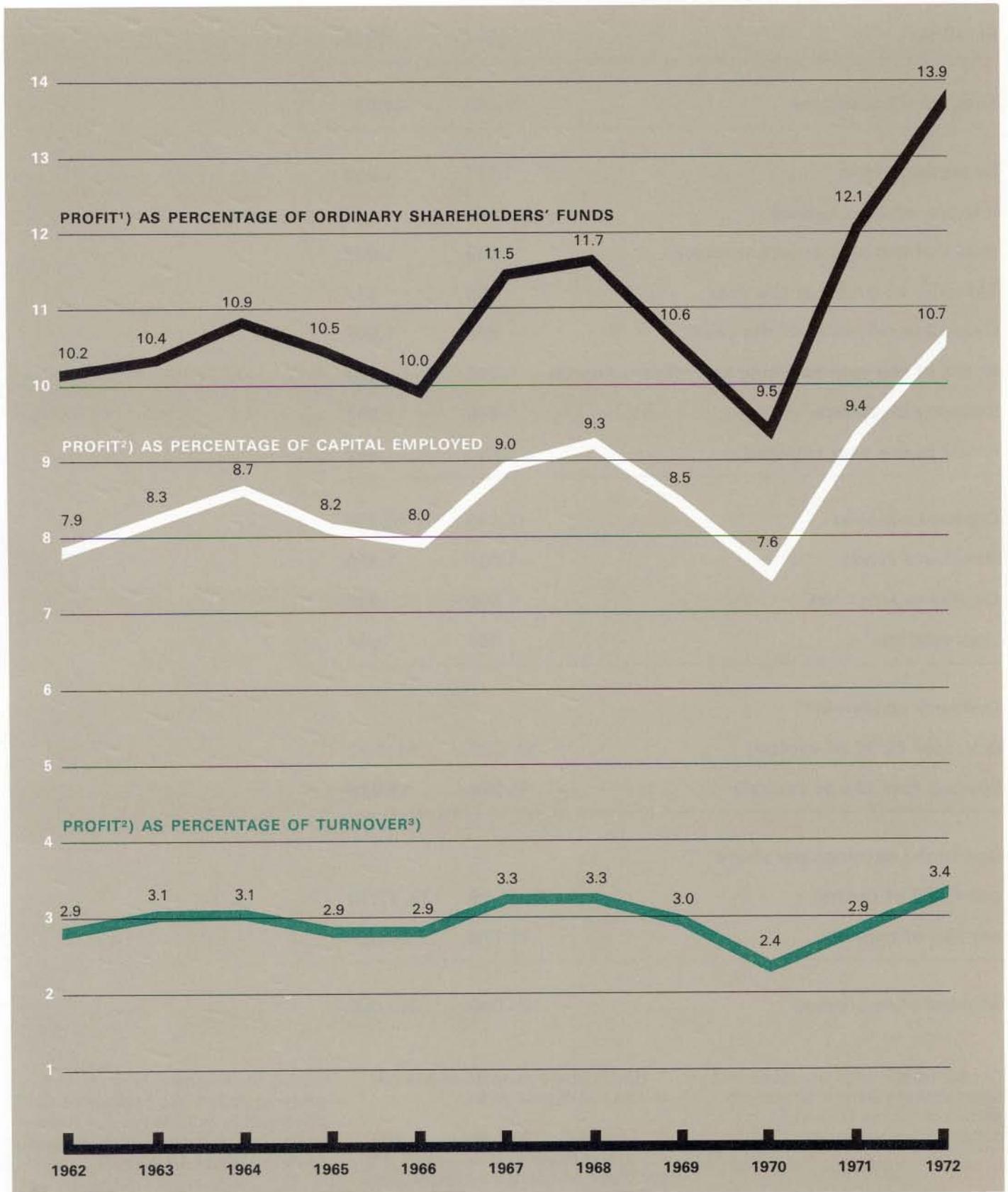
Capital employed

	Total Fl. million	Percentages			
		Amounts			
		Europe	N. & S. America	Africa	Rest of the world
1972	10,338	70 7,273	14 1,457	10 1,009	6 599
1962	6,993	65 4,510	12 872	17 1,175	6 436

Africa includes all our operations in that continent—namely the United Africa Group operations, the manufacturing businesses and the plantations interests.

¹⁾ Profit after taxation but before loan interest.

Return on ordinary shareholders' funds, capital employed and turnover 1962-1972



¹⁾ Based on profit accruing to ordinary capital.

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

³⁾ Turnover includes internal sales as shown on page 13.

Salient figures

All figures relate to **N.V.** and **Limited** Groups combined

Fl. million	1971	1972
Sales to third parties	26,483	26,832
Operating profit	1,717	1,948
Interest on loan capital	109	99
Profit of the year before taxation	1,653	1,902
Taxation on profit of the year	766	847
Consolidated profit of the year	859	1,005
Profit of the year accruing to ordinary capital	841	987
Ordinary dividends	348	347
Profit of the year retained	493	640
Capital employed	10,140	10,338
Net liquid funds	1,051	1,570
Capital expenditure	850	927
Depreciation*	667	644
Ordinary dividends**		
N.V. (per Fl. 20 of capital)	Fl. 6.20	Fl. 6.71
Limited (per 25p of capital)	11.20p	11.02p
Combined earnings per share***		
per Fl. 20 of capital	Fl. 15.09	Fl. 17.70
per 25p of capital	26.77p	35.06p
Number of employees	324,000	337,000

Combined earnings per share and notes and the Salient figures are shown on pages 50 and 51 in certain other currencies.

* See note on page 34 re change in rates of depreciation.

** **Limited's** 1971 dividends and 1972 first interim dividend of 4.52p per share of 25p are included gross before deduction of income tax.

Owing to the changes in the U.K. taxation system the balance of 1972 dividends is included at the amount to be paid to shareholders. See notes on pages 10 and 26.

*** See notes on pages 30 and 50.

Report for the year 1972

*to be submitted at the annual
general meeting of shareholders
to be held at the
company's offices,
Burgemeester s'Jacobplein 1,
Rotterdam,
on 9th May, 1973.*

Salient facts

Operating profit for the year 1972 was 13% higher than for 1971; profit accruing to ordinary capital was 17% higher.

Further gains in productivity and efficiency played their part in the year's solid achievements. Partly through better use of working capital liquidity again increased substantially and net interest payable was further reduced. The improvement in profit was general throughout the product groups, except meat. Profits from paper, plastics, packaging, chemicals and animal feeds recovered from the disappointing levels of 1971. The United Africa Group coped well with difficult conditions although its profits were lower. Frozen foods made progress and ice-cream did well in spite of the bad summer.

In arriving at the profits for 1971, foreign currencies were converted into guilders at the official parity rates (in the case of sterling £1 = Fl. 8.455) which were established in December 1971 and remained in force throughout 1972. The profits for 1972 have been calculated at the year-end floating rate of £1 = Fl. 7.57.

There has also been a change in the basis of providing for depreciation.

If the same exchange rates and depreciation basis had been used

for 1972 as for 1971, the increase in profit accruing for 1972 would have been 19%.

Sales for 1972 have been calculated at the year-end floating rate in the same way as the profits. If the same exchange rates had been used for 1972 as for 1971, the increase in sales would have been 7%. Because of the different exchange rates used during the two years the reported increase in sales is 1%.

Subject to acceptance by the Annual General Meetings of the Boards' final ordinary dividend recommendations, **N.V.'s** total dividends for 1972 will be increased by 8% over 1971.

Owing to the fall in value of sterling against the guilder and the provisions of the Equalisation Agreement, the increase in total dividends declared by **Limited** (after taking account of Advance Corporation Tax) will be greater than 8%; but in view of the dividend restrictions included in the United Kingdom Government's counter inflation measures, the amount of dividends distributed by **Limited** will have to be held for the time being to an amount which effectively represents an increase of 5% over 1971. The balance of 1972 dividends declared by **Limited** will be distributed when circumstances permit.

Summary of combined figures 1962–1972

N.V. and Limited and their subsidiaries

Fl. million	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972 ⁴⁾
Sales to third parties	14,972	15,557	17,115	18,464	19,189	19,714	20,032	21,829	24,917	26,483	26,832
Internal sales	4,251	4,121	4,634	5,117	5,054	4,875	4,961	5,062	5,914	6,399	5,974
Turnover	19,223	19,678	21,749	23,581	24,243	24,589	24,993	26,891	30,831	32,882	32,806
Operating profit	1,044	1,164	1,220	1,190	1,223	1,411	1,494	1,443	1,433	1,717	1,948
Interest on loan capital	21	24	25	40	81	104	96	93	100	109	99
Profit of the year before taxation	1,080	1,203	1,257	1,186	1,200	1,380	1,476	1,406	1,353	1,653	1,902
Taxation on profit of the year	540	608	588	522	541	634	698	663	659	766	847
Consolidated profit of the year	525	566	635	646	627	698	746	709	668	859	1,005
Profit of the year accruing to ordinary capital	485	526	594	606	597	680	728	691	650	841	987
Ordinary dividends—gross¹⁾	195	223	239	237	236	254	264	305³⁾	307	348	347
United Kingdom income tax retained	34	39	42	42	—	—	—	—	—	—	—
Profit of the year retained	324	342	397	411	361	426	464	345	343	493	640
Combined earnings²⁾	Fl.	Fl.	Fl.	Fl.							
Per Fl. 20 of ordinary capital	8.56	9.31	10.50	10.80	10.65	12.14	12.96	12.30	11.53	15.09	17.70
Per 25p of ordinary capital	1.28	1.40	1.58	1.62	1.60	1.82	1.94	1.85	1.73	2.26	2.65
Dividends as % of earnings	32	34	33	32	40	37	36	44 ³⁾	47	41	35
Preferential capital	815	815	836	836	317	310	310	310	310	308	304
Ordinary shareholders' funds	4,757	5,048	5,425	5,750	5,955	5,919	6,221	6,515	6,826	6,982	7,107
Outside interests	251	262	225	199	194	205	209	214	250	211	247
Loan capital	570	541	688	859	1,570	1,491	1,452	1,477	1,634	1,660	1,610
Deferred liabilities	600	653	678	735	769	708	770	804	888	979	1,070
Capital employed	6,993	7,319	7,852	8,379	8,805	8,633	8,962	9,320	9,908	10,140	10,338

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

¹⁾ For the years 1962–1965 United Kingdom income tax deducted from dividends of **Limited** was retained by the Company. With the change to corporation tax, income tax deducted from dividends had to be handed to the Revenue and the cost of

dividends in 1966–1971 is the gross amount. In 1972 the first interim dividend of **Limited** is included gross, and the second interim and final dividends at the amounts to be paid to the shareholders in line with the change to the Imputation system of taxation from 1st April, 1973.

²⁾ See note on page 50 for basis of calculated earnings per share. The figures for earnings have been adjusted for scrip issues.

³⁾ The special ordinary dividends, paid with the final 1969 dividends, amounting to Fl. 41 million, are not included.

⁴⁾ The profits for 1972 reflect the change in depreciation rates in that year. No change has been made in previous years' results. (See page 34.)

General

The rate of world economic growth rose sharply in 1972, particularly in the developed countries. The recovery of economic growth in Western Europe was, however, accompanied by continuing severe inflation, and more and more countries introduced price and income restraints in one form or

another. The measures taken in the United Kingdom included dividend restrictions.

In spite of the inflation of our costs and the curbs on our selling prices, we were able to achieve a further increase in profit after the recovery of 1971. By further economies in

the use of working capital, manpower and raw materials our companies were generally able to keep the necessary increases in their selling prices down to a level well below the rise in the cost of living, and still improve their profit margins.

Conservation of the environment

We continued with our programme of control measures, aimed at minimising pollution of the environment by our manufacturing operations. The methods used depend on circumstances but, in many cases we are able to reduce pollution at the source by internal measures such as improved 'housekeeping' or modifications to manufacturing processes. These methods are applied with particular success in some of our detergents and chemicals factories.

We attach great importance to national and international co-operation and co-ordination in safeguarding the environment. We therefore welcomed the opportunity for members of our staff to participate in the preparatory work carried out by the International Chamber of Commerce for the United Nations Conference on the Human Environment in Stockholm during the year.

The problem of excessive vegetation growth in inland waters, which has been associated with the use of phosphates in detergents, cannot by its nature be dealt with in the factory nor can it be solved by the detergents industry alone. There are other major sources of phosphorus. Proper sewage treatment would improve the situation.

Prospects

In 1971 and 1972 we successfully concentrated on improving the efficiency of our operations. In our pursuit of sustained profit growth we shall continue to look for all available means of improving efficiency, and at the same time aim at faster expansion of sales volume. Taking one year with another, we expect that growth in our earnings per share will at the very least keep pace with inflation.

There are still many opportunities for expanding our existing business; for example, by marketing our

existing product groups in more countries and by using our research and development work to evolve new products within these groups. Joint partnership ventures such as those in pet foods and catering, started in 1972, are a promising development and we shall continue to watch for opportunities of entering new or related fields of activity whether on our own, in partnership with others, or through acquisitions.

The admission to the European Communities (E.C.) of the United

Kingdom, Denmark and the Republic of Ireland, and the trade agreements concluded between the enlarged E.C. and other countries of the European Free Trade Association should lead to free trade in many products throughout almost the whole of Western Europe, and further raise the general standards of living in this area. A group such as ours, with about two-thirds of our operations in Western Europe and mainly engaged in the consumer goods industry, is well placed to benefit from these developments.

Finance

Details of increase/decrease in funds during year.
Fl. million; figures in italics represent deductions

	1967	1968	1969	1970	1971	1972
Source of funds						
Profit of the year re-invested in the business	426	464	345	343	493	640
Depreciation charged against profit	498	523	572	666	667	644
Proceeds of disposal of fixed assets	79	54	103	87	101	146
Changes in share and loan capital	68	<i>15</i>	25	182	24	42
	1,071	1,026	1,045	1,278	1,285	1,472
Use of funds						
Capital expenditure	<i>616</i>	<i>716</i>	<i>881</i>	<i>993</i>	<i>850</i>	<i>927</i>
Additional/reduced working capital other than cash	175	<i>315</i>	<i>445</i>	<i>246</i>	310	56
Subsidiaries acquired	<i>54</i>	<i>259</i>	<i>132</i>	<i>230</i>	<i>34</i>	<i>213</i>
Trade investments	<i>8</i>	<i>9</i>	<i>20</i>	<i>9</i>	<i>9</i>	<i>33</i>
	503	1,299	1,478	1,460	583	1,051
Other sources/uses	125	88	22	91	112	98
Increase/decrease during year	443	185	411	91	590	519
Net liquid funds 1st January	705	1,148	963	552	461	1,051
Net liquid funds 31st December	1,148	963	552	461	1,051	1,570

Net liquid funds consist of marketable securities, cash and deposits less short-term borrowings.

The change in the relative value of sterling and the guilder (sterling/guilder realignment) has increased funds by approximately Fl. 54 million less when expressed in guilders. This amount is included under Other sources/

uses. The influence of the sterling/guilder realignment on working capital and preferential and loan capital has been eliminated from the movement shown for these items.

Funds increased by Fl. 519 million in 1972 following the inflow of Fl. 590 million in 1971. After the improvement in the use of

working capital during 1971, the year 1972 shows a further improvement in the ratio of working capital to sales.

Acquisitions during 1972 included the Lipton Group in the United Kingdom, A. & W. Food Services in Canada and Knox Gelatin in the United States.

Analysis of sales and operating profit

Fl. million

	1967	1968	1969	1970	1971	1972
Turnover						
Foods	9,703	9,901	10,767	12,513	13,573	14,147
Detergents and toilet preparations	5,058	5,124	5,510	5,955	6,343	6,249
Paper, plastics and packaging, chemicals and other interests	1,070	1,311	1,504	1,730	1,856	1,899
Animal feeds	1,650	1,536	1,590	1,715	1,627	1,500
Merchandise and other activities of the United Africa Group and plantations	2,233	2,160	2,458	3,004	3,084	3,037
Sales to third parties	19,714	20,032	21,829	24,917	26,483	26,832
Internal sales (mainly oils and fats)	4,875	4,961	5,062	5,914	6,399	5,974
Total turnover	24,589	24,993	26,891	30,831	32,882	32,806
Operating profit						
Foods	761	825	806	677	875	982
Detergents and toilet preparations	388	357	271	388	493	549
Paper, plastics and packaging, chemicals and other interests	118	159	198	145	155	231
Animal feeds	69	55	31	26	8	43
Merchandise and other activities of the United Africa Group and plantations	75	98	137	197	186	143
Total operating profit	1,411	1,494	1,443	1,433	1,717	1,948

Where by-products, such as oil-cake and glycerine, are sold without further processing, the proceeds are included with the sales and profits of the main product from which the by-product is derived.

Internal sales represent supplies of marketable products—for use as raw materials—and services by one industry to other industries within the organisation. Operating profit resulting from these sales is included in the

profit of the supplying industry, and is proportionately significant only in the case of Paper, plastics and packaging.

Foods

Margarine, other fats and oils

World-wide consumption of margarine, butter and other edible fats and oils increased in 1972 by 2%. A further drop of 2% in the consumption of butter was more than off-set by an increase of 3% in that of vegetable fats and oils, this increase being mainly attributable to countries outside Europe. In South Africa where the restrictions on the composition of margarine were relaxed in October, 1971, the increase in consumption of margarine was over 50%. In Turkey more edible oil was available for the manufacture of margarine and vegetable ghee and consumption of these products rose by over 20%. Altogether our sales volume increased in line with the growth in consumption.

World market prices of oils and fats, which reached a peak in February, 1971, eased downwards for the rest of that year and the greater part of 1972, but by the year end most prices again started to move upwards.

Our sales of health margarines continued to make good progress. Sales of margarine in tubs continued to grow at the expense of the traditional wrapped product. Sales of cooking fats and edible oils were satisfactory. We were able to maintain our profit margins in most countries.

In the E.C. countries production of butter again exceeded demand and surplus stocks rose to 350,000 tons, an even higher level than that of 1969. The authorities in Brussels had again to take steps to reduce the surplus. These steps include

making butter available at low prices for industrial purposes, which is likely to affect our sales of edible fats in this market. No progress was made with harmonisation of margarine legislation.

In the United Kingdom the growth in demand for margarine at the expense of butter, which was a feature of 1971, continued until about the middle of 1972 when falling butter prices slowed down the trend.

The Croklaan business in the Netherlands, which manufactures and sells speciality fats for the chocolate, biscuit and confectionery industries, was co-ordinated in 1972 with our similar existing businesses in the Netherlands, the United Kingdom and Switzerland. The resulting combination of selling and technical skills provides us with new opportunities to improve the quality and variety of our products and the service we can offer to the users.

In spite of the falling raw material prices our oil milling operations in Europe had a good year. As a result of the concentration and enlargement of our production units in the last few years production costs were substantially lower and profit margins increased. The new extraction plant at Erith in the United Kingdom came into production during the year.

Our investment in plant continued at a high level and is being concentrated on measures to improve quality, increase efficiency and control effluent. Barometric scrubbers and recirculation of cooling water are being used to advantage.

Construction has started at the factory at Crema in Italy on the first phase of a completely new effluent treatment plant.

Other foods

General

Altogether profits showed a further improvement in 1972. World market prices for meat, fish and other important materials continued to

rise. Our companies made every effort to mitigate the effect of these and other unavoidable cost increases by greater efficiency in the use of materials, and increased productivity. For most of our products the increases we had to make in selling prices were smaller than in the previous year, and sales grew in volume as well as in value. New product launches made a useful contribution to the increase in sales.

Frozen foods

After remaining static for two years, consumption of frozen foods again began to increase in Western Europe. Our companies maintained their shares of most of the major markets and profits improved. Good progress was made with new products, particularly frozen prepared meals and dishes designed both for the housewife and for the catering trade.

In the United Kingdom Birds Eye successfully launched a number of new prepared meat, fish and vegetable dishes, but met strong competition in home-freezer centres and cash and carry wholesalers in commodity type items such as peas. Sales of frozen fish were kept back by the high prices. Total sales were better than in 1971.

In Belgium, Italy and Austria sales again made good progress.

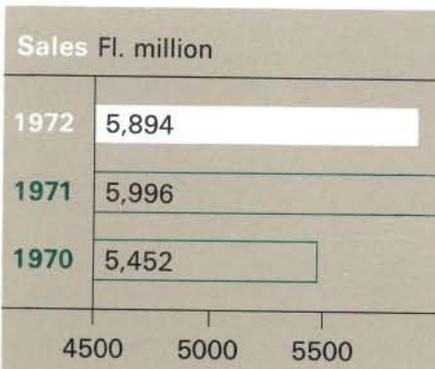
Ice-cream

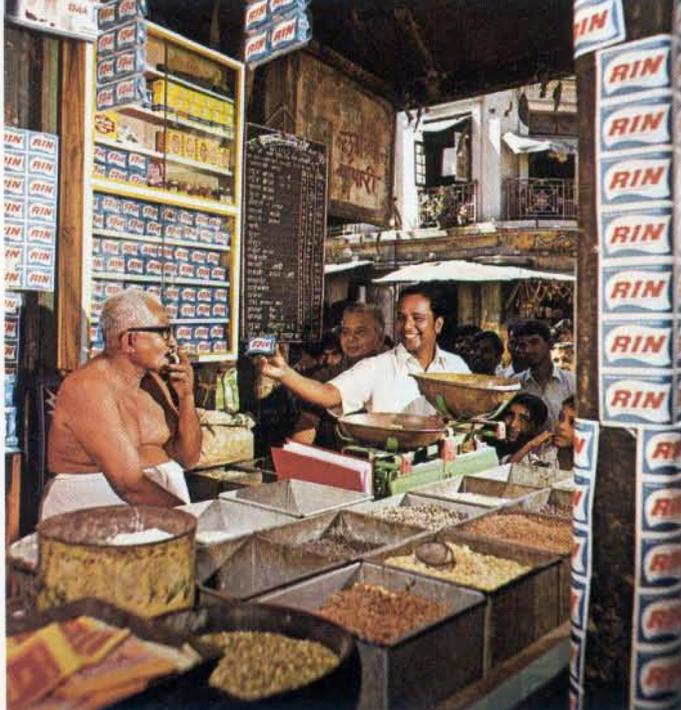
After the fine summer of 1971, that of 1972 was one of the worst on record in most of Europe. This had an adverse effect on sales of ice-cream, particularly through outlets serving the traditional summer trade. This was partly compensated by a vigorous development in the face of intense competition of sales through supermarkets for eating at home. Altogether we nearly maintained our 1971 profits.

Sundry packaged foods

Demand for canned, dried and other packaged foods, and for tea, grew only modestly in our main

Margarine, other fats and oils





Unilever customers

The diversity of the Unilever businesses is such that they serve many kinds of customer. In the first instance it is the wholesaler and the retail shopkeeper, from the bazaar and the corner shop to the supermarket who are the buyers of the wide variety of products that Unilever companies provide for daily use in households throughout the world.

It is an important aspect of Unilever service to co-operate with these primary customers and help them to give the service that housewives and their families require. There are many others, too, who look to Unilever companies for the products and services essential to their businesses—an infinite number of industries and trades for whom specialised materials and services are created.

The pictures in this Report take a brief look at some of these activities.



(ABOVE LEFT) Hindustan Lever salesman discussing a Rin detergent tablet with a Kirana merchant in India.

(ABOVE RIGHT) Buying 'multi-kilo' packs of detergents in the Ceconetto cash and carry warehouse in Hamburg, Germany.

(CENTRE) An operator of Iglo's sales department in Rotterdam takes an order from a customer. The keyboard on which she taps out the required selection of 200 items displays the order in code on the screen for checking. It is linked with a computer which 'arranges' all the details—loading, transport, delivery within 24 hours and invoicing.

(BELOW) Our product Flex is used to prepare puff pastry at Mother's Pride bakery Erith, Kent, in the United Kingdom.





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markets. Lipton Inc. is the biggest supplier of tea to the retail trade in the United States; the acquisition of Lipton Limited in the United Kingdom, with tea interests in many other countries, has made our tea business one of the largest in the world. Lipton Inc. substantially increased their sales of iced tea mixes and consolidated their success with Cup-a-Soup. The same product (instant soup packed in single portions) was launched in the Netherlands, Australia and Belgium. In the Netherlands new varieties of Unox soups were put on the market. However, the early months of 1972 were unusually mild in Western Europe and this kept down demand for dried and canned soups, particularly in Belgium.

In the Netherlands our sales of the new mixed-fruit drinks grew considerably, and these were also launched in Germany. A joint venture which we started in Germany with Perrier to market mineral water ran into teething troubles, but these have now been overcome. In the Netherlands and Germany sales of mayonnaise, salad dressings, sauces and condiments all showed healthy growth.

In the United Kingdom Batchelors continued their success with Vesta packet meals. John West Foods did well both with canned fish and

1. Birds Eye meals are prepared specially for catering in the English 'pub'.
2. Frying chips in Frytol cooking oil at the Talk of the Town theatre-restaurant in London's West End.
3. Gastro 'Coolpack', a new system for hot meals in large-scale catering, is marketed by Handelsmij. Producto B.V., Schiedam, Netherlands. Here it is being tested at the trade fair centre in Utrecht.
4. Lipton's Cup-a-Soup pack produced in the United States for canteen catering.
5. A dispenser for serving a range of foods and drinks from our dehydrated products in use in a Swedish Army canteen.
6. Some 14,000 Langnese-Iglo frozen ready meals were served daily during the two weeks of the 1972 Olympic Games in Munich.



their newer range of high-quality canned fruit and vegetables.

Our business in Australia made good progress, and results in Sweden were better than in 1971.

Arrangements were made to enter the pet food market in Continental Western Europe in partnership with Spillers Limited who have a major share in this market in the United Kingdom. We are to have a 51% interest in the partnership.

Dairy products

Our processed cheese businesses continued to operate in static markets and results were generally disappointing.

Our sales of fresh dairy products rose further, but margins were below expectations. The product range includes plain yoghurt, yoghurt with fruit, mousses in various flavours and other desserts. This range is being further widened in order to build up our position in the market.

Meat products

Our total results from this industry for 1972 were poor. Our biggest companies—Unox and Zwanenberg in the Netherlands and Wall's in the United Kingdom—faced special difficulties. Measures to improve the efficiency of these companies are continuing.

Zwanenberg lost sales, partly because of a temporary ban on the import of canned ham from the Netherlands into the United States. Wall's had to cope with soaring raw material costs; these increased

everywhere, but especially in the United Kingdom where the rise over the year was about 30%. The higher raw material cost could not be fully recouped in selling prices, and such price increases as were possible resulted in loss of sales. Most of our other meat companies in the United Kingdom, Belgium and Germany did well.

Fish

Nordsee in Germany, in which we have a majority interest, had a difficult year with their trawling activities but results were considerably better than in 1971. Six new ships are being added to their fleet of factory trawlers, in which the catch is processed at sea; the first of these came into service in September. These ships are equipped with a variety of new devices for locating and catching fish and are among the most modern of their kind in the world.

Our salmon farm in Scotland reached the stage of marketing salmon raised from eggs produced in its own hatchery, thereby completing the first phase of its development. Most of the fish is marketed in the form of high-quality smoked salmon.

Catering

Nordsee continued to expand their successful chain of 'Nordsee Quick' fish restaurants, twelve of which were opened in Germany and Austria. Altogether we now have 86 restaurants in the Netherlands, Germany and Austria; more are planned.

(LEFT) In the United Kingdom Mattessons run courses for customers' staff to familiarise them with their Continental meat products.

(RIGHT) In Germany Schafft deliver fresh meat products daily by refrigerated van to customers such as this department store in Nürnberg.

In Canada we acquired A. & W. Food Services of Canada Limited, which operates a chain of 'drive-inns' and restaurants.

An agreement was made with Gardner Merchant Food Services Limited (a subsidiary of the Trust Houses Forte Group) to form a partnership to enter the business of food service management in Continental Europe. The first partnership operation will be in Germany.

Retailing

Mac Fisheries in the United Kingdom had a good year. Nordsee's fish and delicatessen shops did very well: 40 shops were modernised of which 23 were equipped with snack bars.

Other foods

Sales Fl. million	
1972	8,253
1971	7,577
1970	7,061
	5500 6500 7500

Detergents and toilet preparations

Detergents

After two years of substantial improvements in results, which restored the total profits of our detergents business to a satisfactory level, steady progress was again achieved in 1972.

Total detergents consumption in those countries where we operate increased in 1972 by rather over 3% in terms of quantity. Although certain countries provide exceptions, consumers generally are increasingly willing to pay for products of higher quality. Our own sales in 1972 reflected these trends.

Increases in raw material prices were not as severe as in the previous year. However, labour costs continued to rise and the scope for productivity improvements was not as great.

There was no widespread, spectacular introduction of new washing powders, but we continued to improve existing products. In Continental Europe, because of the type of washing machine in common use, sales of rinse additives designed to soften fabrics continued to increase sharply. In Germany and Switzerland sales of these products per head of population are more than double the corresponding figures for the United States.

We increased our sales of dishwashing products and of household cleaners designed to clean specialised modern surfaces.

Our position in the toilet soap market remained strong.

Our businesses in industrial detergents continued to make good progress, especially with products and dosing equipment for dishwashing machines.

In the United States, in view of local regulations banning the inclusion of phosphates in detergents, we now have fabric washing products containing no phosphates on sale in certain areas. The washing performance of these products—whether ours or our competitors'—has been proved by tests to be inferior to that of phosphate detergents and the industry has opposed these legal restrictions as being of no public benefit. They will not cure the problem of excessive growth of vegetation in lakes because enough phosphorus to create the problem continues to reach the waters from other sources, such as human waste and agricultural fertilisers.

The Canadian Government, taking a different line from state and local authorities in the United States, has limited the use of phosphate but permitted a substitute—nitrilotriacetic acid (NTA). A national programme has been initiated to monitor the levels of NTA in surface waters as its use is extended.

Phosphate is not a serious problem in the United Kingdom, but it continues to arouse concern in certain Continental European countries. In these the phosphorus-free products we are offering in the United States could not at present be used because of substantial differences between European and American types of domestic washing equipment. The best hope of a solution lies in improved sewage treatment: the Swedish authorities are now making rapid progress with this.

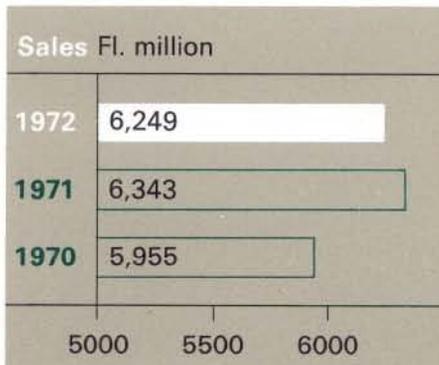
was extended throughout Western Europe as well as to many other countries. It is now clear that the success seen in North America is being repeated.

We also gained sales and market share in other major product categories. Our Elida hair products did extremely well, particularly in the United Kingdom where a very strong position has been established. In spite of fierce competition in the deodorant market, our brands generally improved their position and total sales increased. New bath foam products were launched in a number of countries, and we now have a useful stake in this fast-growing market.

Both our toilet preparations businesses in the United Kingdom—Elida Gibbs and Clynol—did very well indeed with sales and profits making important progress. Elsewhere in Europe substantial gains were registered in almost all major countries. Especially noteworthy progress was made in Spain. In Germany, which is our largest European market, we opened a new factory at Buxtehude near Hamburg specialising in production of aerosol products.

In Brazil we strengthened our position, and in Argentina we did well in spite of difficult conditions.

Detergents and toilet preparations



Toilet preparations

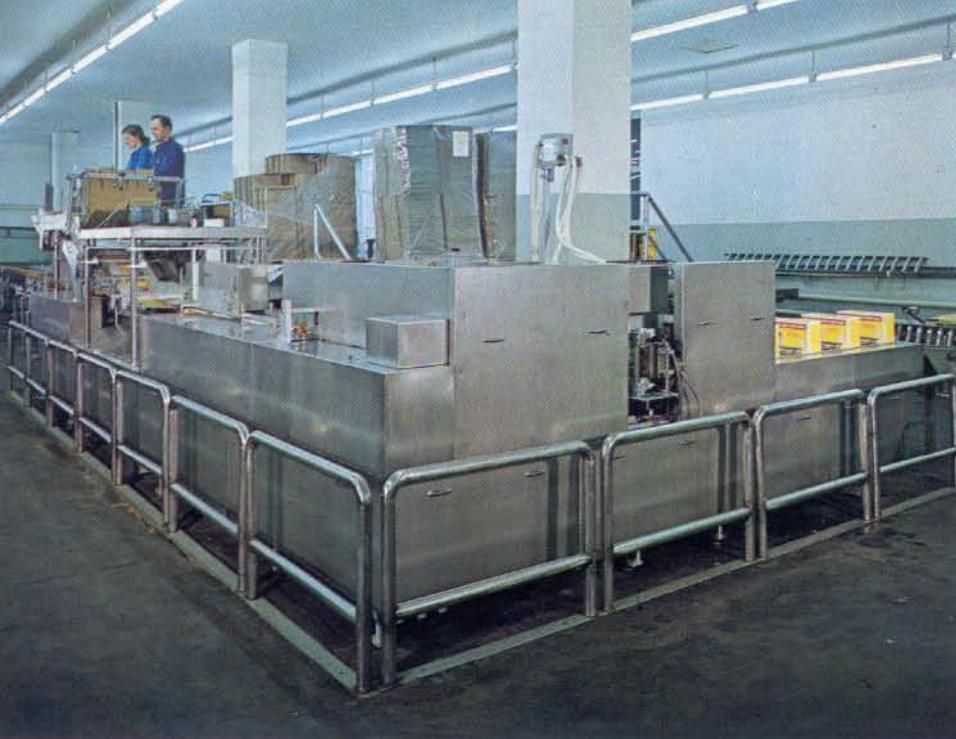
World consumer expenditure on toilet preparations continued to show substantial growth in 1972. Our share of this market improved significantly and so did our profits. We made a major advance with Close-Up, our translucent toothpaste, which during the year



(ABOVE) A delivery by our transport company SBT, the biggest distribution organisation in Belgium. It gives a range of storage, transport and distribution services to many other companies as well as those of Unilever.

(CENTRE) This large-scale automatic dishwasher in Sweden is equipped with our Sumazon system, which automatically injects the correct amount of liquid detergent for all loads and temperatures.

(BELOW) The Harriet Hubbard Ayer School in Paris runs courses for beauty specialists and saleswomen demonstrators.



A packaging system developed by Nicolaus, Kempten, for the Union Brewery in Dortmund, Germany. Both machine and special pack for ten bottles were designed for fully automatic operation.

Crosfield Sorbsil Silica Gel is a desiccant used to protect Rolls-Royce RB211 aero engines during storage and transit.



Paper, plastics and packaging

In the United Kingdom the operations of Thames Board and Thames Case were seriously disrupted by industrial disputes. Thames Board nevertheless began to recover from the ill effects of recession in demand and foreign competition, and their results were better than in 1971. Further measures are being taken to improve the quality of their products, and increase efficiency. But for the disputes Thames Case would also have shown improved results.

Commercial Plastics made good progress, particularly with wall coverings for the export trade and other flexible P.V.C. products. Manufacture of flexible plastics is being concentrated on one site, and this process will be completed in 1973.

The Austin Packaging Group was formed during 1972 by merging our existing Austin packaging business with the printing operations of Lever Brothers at Port Sunlight.

In Germany the continuing overcapacity in the paper making industry forced us to close down the paper mill at Seltmans. The rest of our companies in Continental Europe had considerably better results than in 1971: the best contributions to the improvement came from P.V.C. film, packaging systems and flexible packaging materials.

Paper, plastics, packaging and chemicals

Sales Fl. million	
1972	1,899
1971	1,856
1970	1,730
	1000 1300 1600

After a review by outside consultants, the activities of our packaging companies throughout the Continent have been co-ordinated, and this is already helping them to achieve significant savings in both direct and indirect costs.

Chemicals

After a slow start, growth rates in the European chemical industry began to improve during the later months of 1972. In our own sectors of the industry sales of commodity chemicals remained depressed, but sales of our speciality products developed an encouraging upward trend. Profit margins on many of our products were improved by very strict economy measures.

In our Polymers Division the fruits of our internationally co-ordinated approach to technology began to appear. Several of our products improved their market positions through the technical superiority of the products or the quality of our technical service.

Crosfield's in the United Kingdom successfully marketed a new range of specialised chemicals for building construction. An encouraging start was also made with a range of textile auxiliaries. Development work by Food Industries on flavours for a wide variety of purposes led to a number of important market successes.

Sales of emulsifiers made good progress. Proprietary Perfumes also showed increased sales and their development of products for new markets was accelerated. Unilever-Emery in the Netherlands, our joint venture with Emery Industries, Inc. of Cincinnati, also had a successful year despite difficult market conditions caused by adverse movements of exchange rates and, to some extent, by sluggish demand for their products.

Biological treatment plants for purifying effluent were installed by

Food Industries at Bromborough in the United Kingdom and by Unichema at Hamburg-Bergedorf in Germany.

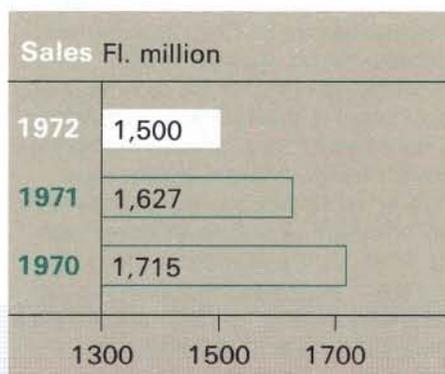
Animal feeds

Our animal feeds companies in the Netherlands, the United Kingdom and France had a better year than in 1971. Efforts by management to contain costs and improve productivity achieved some success in all our companies. At the end of the year, however, sharp increases in raw material costs, coupled with the constraints of price control in the United Kingdom and France, had started to reduce our profit margins.

A number of new products were successfully launched and helped towards the objective of progressively developing a more profitable assortment of products. The emphasis is now on research and development work on improved types of feed for young livestock, and on making more effective use of raw materials.

A new factory at Helmond in the Netherlands came into production during the year.

Animal feeds





Caterpillar industrial engines being overhauled in the Port Harcourt, Nigeria, workshops of U.A.C.

The United Africa Group

The volume of the United Africa Group's sales showed little change on the previous year but total trading results declined.

The financial position eased in Nigeria, where rising foreign exchange earnings enabled Government to repay the backlog of payments for imports and to ease controls on dividend remittances. In Ghana the 1971 devaluation was followed by a military coup, a moratorium on outstanding foreign commercial debts, a partial revaluation and a return to strict import licensing.

In many of the countries in which the Group operates terms of trade deteriorated as a result of inflation in the costs of goods imported from industrialised countries.

The technical and earth-moving equipment businesses overseas, the Leverton business in the United Kingdom and the G. B. Ollivant general and specialist trading activities had another good year. The Group's income from trade investments continued satisfactory. The dock strike in the United Kingdom frustrated Palm Line's efforts to cope with rising costs and a reduced cargo tonnage to West African ports. In Nigeria the textiles industrial and distributive

businesses had to contend with increased competition from imported goods and their trading margins were reduced. In contrast, results from the textile factory in the Ivory Coast showed a continuing improvement.

The Group's ventures in French-speaking Africa did well and improved results were achieved by the businesses in the Arabian Gulf and Morocco. Aggregate profits were reduced in Nigeria by the greater intensity of competition and in Zaire by the economic climate. Profits were also down in East Africa, including Zambia.

There is already local participation in the equity of several of the Group's enterprises. The Ghana Government has compulsorily acquired 55% of the timber business in that country. The compensation for this acquisition remains to be agreed. More recently the Ghana Government has published a White Paper proposing a substantial local shareholding in most foreign-owned businesses. Nearly all the Group's interests will be affected. A public offer for sale of 40% of the shares in the principal businesses in Nigeria will be made during 1973 in accordance with the terms of the Nigerian Enterprises Promotion Decree.

On 1st March, 1973, The United Africa Company, parent of the Group, changed its name to UAC International Limited. The change of name reflects the Group's widening geographical interests.

Plantations

Produce prices for all our crops were lower than in 1971 and in consequence total profits were less.

The fall in the price of our main crop, palm oil, had a particularly adverse effect on results, although prices of some of the other crops fell more sharply. There was a further decline in the price of rubber, and the improvement towards the end of the year came too late to affect profits.

Production of most crops was satisfactory, but oil palm yields in Africa and copra in the Solomon Islands were less than expected owing to adverse weather conditions.

Exports

In 1972 our exports—from over 30 countries—reached a combined value of Fl. 2,937 million, compared with Fl. 2,875 million in 1971.

Over 80% of these exports originated in the Netherlands, the United Kingdom and Germany. The value of our shipments from these main exporting countries, and from all other countries, since 1970 was as follows:

Fl. million	1970	1971	1972
Netherlands	915	1,098	1,154
United Kingdom	760	776	771
Germany	403	486	524
Other countries	472	515	488

The main increases in our exports from the Netherlands were in foods, detergents, chemicals, oils and oilcake, and meal.

Expressed in sterling, exports from the United Kingdom rose by 13%. The main increases were in foods—including for the first time tea exported by Lipton Limited—and packaging materials. These increases were partly off-set by lower exports by the United Africa Group.

Exports of packaging materials from Germany rose sharply.

Personnel

The total number of Unilever employees world-wide is 337,000 (1971: 324,000). The increase in number of employees over 1971 includes the 12,000 employees of the Lipton Limited Group.

In spite of the disputes referred to earlier and the tensions caused by inflation, our industrial relations were generally good in 1972. Greater openness of communication between management and employees should give each a better understanding of the other's role in the business: consultation with works councils and similar representative bodies has become more frequent and more fruitful.

Staff reductions were again necessary in some parts of our business. As before, reductions were achieved as far as possible by not replacing staff who retired or left of their own accord, and by re-employment in other parts of the business. Redundancies were kept to the irreducible minimum.

A recent development has been the adaptation of working hours to suit the personal convenience of employees. Some of our offices are now experimenting with flexible schemes under which employees work the same number of hours as before but are allowed, within limits and so far as the nature of the work permits, to choose their own times for starting and finishing work.

Recently our two oldest pension funds celebrated their first fifty years of existence. Previously some

employees received *ex gratia* payments on retirement: the funds for the first time gave employees and their dependants a contractual right to receive pensions from a source independent of the company, financed by their own and the company's contributions. These original funds were established in the Netherlands and the United Kingdom by the Van den Bergh companies which were pioneers in this field: after the formation of Unilever eight years later, membership of the funds was extended to employees of the other constituent companies in the home countries, and similar funds were set up in many other countries.

For the first thirty years the funds operated on virtually unchanged principles. Since then there have been some modifications in order to mitigate the effects of inflation on retirement benefits. Benefits related to final earnings have replaced benefits based on the accrued value of contributions, and pensions in course of payment have been reviewed at frequent intervals with a view to maintaining their purchasing power. Helped by professional advice and the collective business experience of many of our senior managers, the funds' investment policies have made a material contribution to the additional costs involved.

We now have 47 funds covering 165,000 employees in 26 countries. For various reasons an almost equal number of employees are not yet covered by funds. In some countries a State scheme makes adequate provision. The great majority of our employees are covered by our own funds or schemes, by State schemes, by industry-wide schemes, or by a combination of these. Altogether we have 276,000 employees in 47 State schemes. In countries where the economy is not sufficiently developed to support an independent fund we have introduced unfunded schemes and reserved for the cost on an actuarial basis: there are about 60 of these schemes.

Our contributions to our own and other pension schemes, including State schemes, and other payments

for employees' retirement and death benefits amounted in 1972 to Fl. 477 million. The assets of our funds throughout the world increased to Fl. 3,936 million, and the reserves in the accounts to meet our obligations under unfunded schemes to Fl. 648 million.

Research

The major part of our central research effort continues to be directed towards the improvement and introduction of new products in the consumer goods industries, such as better flavoured margarines, new dairy products, products which wash fabrics cleaner with less effort or give dishes and cutlery greater brilliance as they leave the dishwasher, toothpastes which protect teeth and make the mouth cleaner and fresher, shampoos which make hair more manageable, and so on. Advances in all these areas have been made during the year.

However, whilst we work to introduce what is new and better in traditional product performance, an increasing proportion of our research is being directed towards providing a better quality of life. This work has two aspects—defensive and positive: defensive in terms of ensuring that all our products are safe to use in the household and at the same time are harmless to our environment; positive in terms of providing special benefits such as balanced nutrition in food products and a youthful quality to the skin from using soaps and toiletries.

About a quarter of our research remains devoted to longer term scientific studies in many fields besides that of understanding nutrition and skin benefit. They include the physical chemistry of surfaces, solutions and suspensions important to all cleaning operations; the chemistry of natural changes in food products in storage which is vital if we are to retain their freshness; and the science of consumer responses to the intrinsic values in the products they buy.

For the more directly applied work we have recently completed, with the help of management consultants, a searching study of our efficiency in translating our scientific knowledge into new goods in the market place. As a result we are making some changes in both our research and marketing organisations, as well as in our procedures in the field of detergents, toilet preparations and convenience foods, following fairly closely the changes we reported last year in the

edible fats and dairy products areas. These changes are designed to speed up our rate of innovation and at the same time will influence our whole research strategy.

The emphasis on research for the consumer goods industries should not, however, hide the size and importance of research in support of other areas of the business which serve industry rather than the home consumer directly.

For the bakery and confectionery trade we have developed new bakery margarine, replacements and extenders for cocoa butter, improved baking ingredients and a filled cream concentrate. Fats for deep frying have been the subject of extensive studies, the results of which are already being applied. For the catering trade, a range of prepared meals and ingredients has been developed. Our range of flavouring materials and emulsifiers has been extended.

We have for many years undertaken an extensive programme in support of agriculture which has taken two main forms—the development of improved animal feeds and the breeding, varietal testing and mechanical harvesting of vegetables. Particularly noteworthy in the first of these has been the development of new diets which are highly effective in reducing mortality in young animals.

Among many other projects for the chemical industry, our research has led to the marketing of improved catalysts for the hydrogenation of fatty acids and fats and oils. Our work on various forms of silica finds applications as diverse as rubber fillers, beer clarifiers and toothpaste additives.

In a different direction, research on synthetic resins, plywood, chipboard and laminates has led to improved products for the building and furnishing trades.

An unusual new venture this year, resulting from our work on behalf of the food industry, has been the development of a range of automated equipment for use in all industries and institutions where bacteriological testing is carried out.

Capital projects

Expenditure of Fl. 896 million was approved in 1972.

The geographical pattern was as follows:

	%	Fl. million
Europe	77	690
North and South America	12	102
Africa	7	66
Rest of World	4	38
	100	896

Some of the more important items are listed below:

	Fl. million
Margarine, other fats and oils	189
Additional production capacity for tub margarines in the United Kingdom. Extension to margarine production capacity in Germany, Nigeria, Austria and the United States. Installation of additional oil extraction plant in Germany. Central automated warehouse in Germany.	
Other foods	203
Extensions and reorganisations to ice-cream production and distribution facilities in the United Kingdom, Denmark, Germany and Italy. Production facilities for processing frozen meals in Germany and Italy. New dairy product manufacturing units in Germany and Sweden. Expansion of soft drinks factory in the Netherlands. Additional supermarkets in the United Kingdom.	
Detergents and toilet preparations	148
New factory for production of detergent powders and liquids in Austria. Extensions to detergents production facilities in the Netherlands, Brazil and France. Increased toilet preparation production capacity in Germany. Erection of central distribution warehouse in the United Kingdom.	
Paper, plastics, packaging, chemicals and other interests	189
New factory for food additives in the Netherlands. Development of carton board manufacturing facilities in the United Kingdom. Additional calender capacity for the production of P.V.C. film in Germany. New manufacturing facilities for polyvinyl acetate and acrylate emulsions in Italy and hydrocarbon resin in France. Additional plant for high pressure polymer emulsions and speciality silicas in the United Kingdom. Re-siting and rationalisation of animal feed compound production in the United Kingdom.	
General	167
Fibre recovery and effluent treatment plants in the United Kingdom. Air pollution control plant in the United States. Office accommodation in the United Kingdom, Germany and Austria. Increased capacity of power station for Merseyside, United Kingdom.	
	896

Interests in land

N.V. and Limited have interests in land in Europe, North and South America, Africa, Asia and Australasia. Such interests are developed either as purpose designed factories, warehouses and trading establishments with ancillary offices and laboratories or as plantations. Substantially all the land and buildings are fully used in the business and their continued suitability

for these purposes is kept under review. In these circumstances it is considered that an assessment of the market value of all interests in land throughout the world would not produce information of significance to members or debenture or unsecured loan stockholders in terms of Section 16 of the United Kingdom Companies Act 1967.

Capital and membership

There were no changes during 1972 in the share capital of **N.V.** or **Limited**. In 1972 **N.V.** issued Fl. 97,805 8% 5-year notes in connection with its offer in 1971 for the 5 1/2% cumulative preference shares and the ordinary A shares of Van den Bergh's en Jurgens' Fabrieken N.V. (now Nederlandse Unilever Bedrijven B.V.), leaving Fl. 104,170 available for issue.

At the year end **Limited** had 93,728 ordinary and 1,307 preferential shareholdings, and 107,683 debenture and unsecured loan stockholdings.

As **N.V.**'s share and loan capital is held by the public largely in the form of bearer scrip, the exact number of holders cannot be ascertained.

Dividends

The proposed appropriations of the profits of **N.V.** and **Limited** are shown in the consolidated profit and loss accounts on page 32.

The Boards have decided to recommend to the Annual General Meetings the declaration of final dividends for 1972 on the ordinary capitals at the following rates, which are equivalent in value in terms of the Equalisation Agreement.

In the case of **N.V.**, the proposed final dividend is Fl. 4.00 per Fl. 20 ordinary capital, bringing **N.V.**'s total dividends for 1972 to Fl. 6.71 per Fl. 20 (1971: Fl. 6.20). **N.V.**'s final dividend will be paid on the 21st May, 1973.

Limited's proposed final dividend is 5.92p per 25p ordinary share, bringing the total dividends declared for 1972 to 11.02p per ordinary share (1971: 11.20p). In comparing the 1971 and 1972 figures it should be noted that as a result of the introduction of a new system of taxation in the U.K., all

figures given in this Report for dividends to be paid by **Limited** after April, 1973, represent the actual dividend payable to shareholders, whereas dividends paid earlier were gross before deducting U.K. income tax.

Under the new system, shareholders in **Limited** will be entitled to a tax credit in respect of Advance Corporation Tax (A.C.T.) payable by **Limited** on its dividend. For the purpose of equalising dividends under the agreement and for the purpose of any comparison of dividends paid after April, 1973 with dividends paid earlier, the A.C.T. on any dividend paid by **Limited** has to be treated as part of the dividend.

In view of dividend restrictions in the U.K. the total amount per share distributed to shareholders for 1972 by **Limited** needs to be restricted for the time being to 9.58p per share, which taking account of A.C.T. represents 105% of the total gross dividends for

1971. It is therefore proposed that **Limited**'s final dividend should be paid in two instalments. The first, amounting to 4.48p per share, will be paid on 21st May, 1973, together with the second interim dividend which as a result of the change in the tax system will be 0.58p per share. The second instalment of 1.44p per share will be paid when this is consistent with the U.K. government's counter-inflation measures, to holders of ordinary capital of **Limited** now in issue, registered at the time of payment.

Final dividends on the New York shares of **N.V.** and on the American Depository Receipts representing ordinary capital of **Limited** will be paid on 8th June, 1973.

After payment of the ordinary dividends for 1972, it is proposed to set aside Fl. 108,392,000 (**N.V.** Fl. 66,000,000, **Limited** Fl. 42,392,000) to reserve for replacement of fixed assets (on behalf of subsidiaries).

Quarterly results

Profit accruing to ordinary capital

	Total Fl. million	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
1972*	987	191 19%	278 28%	262 27%	256 26%
1971*	841	166 20%	242 29%	227 27%	206 24%
1970	650	134 21%	195 30%	173 27%	148 22%

* The published results for the first three quarters of 1971 and the four quarters of 1972 have been recalculated at the year-end rates of exchange which have been used for the

results of the respective years. The effect of the change in depreciation rates made at the end of 1972 has also been allocated to

quarters. The figures in the chart, therefore, differ from the figures originally published for each quarter.

Exchange rates

Until the end of 1972, major currencies with the exception of sterling, were kept within the margins agreed at the time of the general currency realignment in December, 1971.

Sterling has been on floating rates of exchange since June, 1972.

For the purpose of calculating 1972 results, we have used the actual

sterling exchange rate current at the year end of £1 = Fl. 7.57, which was about 9% below the official parity established in December 1971.

If the results for 1972 had been calculated at the same rates of exchange as for 1971 they would have been higher in terms of guilders and lower in terms of sterling. The Equalisation

Agreement requires **N.V.'s** and **Limited's** ordinary dividends to be equal in value at the sterling/guilder exchange rate on the day of the Boards' decision to declare interim or recommend final dividends. In consequence, the proposed increase of 8% in **N.V.'s** dividend for 1972 results in a greater proportionate increase in **Limited's** dividend.

Taxation

Considerable progress has been made in the dispute dating from 1968 with the German tax authorities regarding the interpretation of the Netherlands-German Tax Convention. In a comparable case

the highest German Tax Court, the Bundesfinanzhof, Munich, completely rejected the German tax authorities' claim, and the Tax Courts in Hamburg and Bremen have confirmed our standpoint in the proceedings against us.

Although the German tax authorities have lodged an appeal against these verdicts and the cases are not therefore officially closed, we remain of the opinion that the decision will most likely be in our favour.

Directors

In accordance with Article 21 of the Articles of Association all the Directors retire at the Annual General Meeting and offer themselves for re-election.

At the Annual General Meetings of **N.V.** and **Limited** on 8th May, 1972, Mr. J. P. Erb  was elected as a Director of both companies.

On the 1st April, 1972, Dr. H. J. Witteveen was appointed an Advisory Director of **N.V.**

After a long and distinguished association with Unilever Mr. F. J. Tempel retired as an Advisory Director of **N.V.** on the 31st December, 1972, having reached the normal retirement age for Advisory Directors.

On the 13th October, 1972 Her Majesty Queen Juliana of the Netherlands appointed Dr. E. G. Woodrooffe, Chairman of **Limited** and a Vice-Chairman of **N.V.**, a Commander in the Order of Orange-Nassau.

Auditors

The auditors, Price Waterhouse & Co. and Cooper Brothers & Co., retire and offer themselves for reappointment.

Cooper Brothers & Co. have informed us of their intention to change the name in which they practise to Coopers & Lybrand from 1st April.

Rotterdam, 20th March, 1973.

ON BEHALF OF THE BOARD,

C. ZWAGERMAN Secretary

H. A. HOLMES Secretary

Accounts

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

Reports of the Auditors

N.V. Group

To the Members of Unilever N.V.

We have examined the 1972 accounts of Unilever N.V. Based on this examination in our opinion the accounts set out on pages 29 to 43 and 47 to 49 give a true and fair view of the state of affairs at 31st December, 1972 and of the profit for 1972 of the Company and the Group.

The Hague/London
Rotterdam/London
20th March, 1973

**Price Waterhouse & Co.
Cooper Brothers & Co.**

Limited Group

To the Members of Unilever Limited.

We have examined the 1972 accounts of Unilever Limited. Based on this examination in our opinion the accounts set out on pages 29 to 41 and 44 to 49 give a true and fair view of the state of affairs at 31st December, 1972 and of the profit for 1972 of the Company and the Group.

London
20th March, 1973

**Cooper Brothers & Co.
Price Waterhouse & Co.**

Combined results

for the year ended 31st December

Figures in italics represent deductions

Fl. million

	1971	1972
Sales to third parties	26,483	26,832
Operating profit	1,717	1,948
Financial items	<i>64</i>	<i>46</i>
Profit of the year before taxation	1,653	1,902
Taxation on profit of the year	<i>766</i>	<i>847</i>
Profit of the year after taxation	887	1,055
Outside interests and preference dividends	<i>46</i>	<i>68</i>
Profit of the year accruing to ordinary capital	841	987
Combined earnings per share* per Fl. 20 of capital per 25p of capital	Fl. 15.09 <i>26.77p</i>	Fl. 17.70 <i>35.06p</i>
Ordinary and deferred dividends	<i>348</i>	<i>347</i>
Profit of the year retained **	493	640

* The basis of calculation is shown on page 50. The increase in guilders is 17% and in sterling 31%. The difference arises from the use of the rate of £1 = Fl. 8.455 in 1971 and £1 = Fl. 7.57 in 1972.

** Other movements in Profits retained are shown on page 32.

Combined assets and liabilities

as at 31st December

Figures in italics represent deductions

Fl. million

	1971	1972
Capital Employed		
Preferential capital	308	304
Ordinary shareholders' funds	6,982	7,107
Outside interests in subsidiaries	211	247
Loan capital	1,660	1,610
Deferred liabilities	979	1,070
	<hr/>	<hr/>
	10,140	10,338
	<hr/>	<hr/>
Employment of Capital		
Land, buildings and plant	5,371	5,287
Trade investments	208	175
Long-term debtors	198	205
Net current assets	4,363	4,671
	<hr/>	<hr/>
	10,140	10,338
	<hr/>	<hr/>

The figures above and on page 30 are arrived at by combining the figures in the consolidated accounts of **N.V.** and **Limited** and should be read in conjunction with these accounts and the note on page 29.

Consolidated profit and loss accounts

for the year ended 31st December

Figures in italics represent deductions

Fl. 000's

1971			1972			
Limited	N.V.	Combined	Combined	N.V.	Limited	
11,706,967	14,776,032	26,482,999	Sales to third parties	26,831,883	15,183,062	11,648,821
<i>11,014,925</i>	<i>13,751,334</i>	<i>24,766,259</i>	Costs	<i>24,884,575</i>	<i>13,985,411</i>	<i>10,899,164</i>
692,042	1,024,698	1,716,740	Operating profit	1,947,308	1,197,651	749,657
17,950	13,042	30,992	Income from trade investments	21,931	7,086	14,845
<i>60,504</i>	<i>47,513</i>	<i>108,017</i>	Interest on loan capital	<i>99,450</i>	<i>45,446</i>	<i>54,004</i>
13,807	199	13,608	Other interest	31,701	10,498	21,203
663,295	990,028	1,653,323	Profit of the year before taxation	1,901,490	1,169,789	731,701
<i>325,408</i>	<i>440,959</i>	<i>766,367</i>	Taxation on profit of the year	<i>846,871</i>	<i>506,244</i>	<i>340,627</i>
337,887	549,069	886,956	Profit of the year after taxation	1,054,619	663,545	391,074
<i>11,262</i>	<i>16,231</i>	<i>27,493</i>	Outside interests in results of subsidiaries	<i>50,008</i>	<i>36,617</i>	<i>13,391</i>
326,625	532,838	859,463	Consolidated profit of the year	1,004,611	626,928	377,683
<i>3,390</i>	<i>14,694</i>	<i>18,084</i>	Preference dividends	<i>17,730</i>	<i>14,694</i>	<i>3,036</i>
323,235	518,144	841,379	Profit of the year accruing to ordinary capital	986,881	612,234	374,647
<i>150,047</i>	<i>198,451</i>	<i>348,498</i>	Dividends on ordinary and deferred capital	<i>346,909</i>	<i>214,775</i>	<i>132,134</i>
173,188	319,693	492,881	Profit of the year retained	639,972	397,459	242,513

Movements in profits retained

8,396	<i>30,538</i>	<i>22,142</i>	Exceptional items not applicable to current trading	117,032	<i>63,588</i>	<i>53,444</i>
152	<i>51,743</i>	<i>51,591</i>	Goodwill on acquisition of new subsidiaries after deducting surplus on revaluation of fixed assets	93,577	<i>19,723</i>	<i>73,854</i>
105,578	<i>68,768</i>	<i>174,346</i>	Effect of exchange rate changes	41,692	<i>26,067</i>	<i>67,759</i>
76,242	—	76,242	Sterling/Guilder realignment	297,548	—	297,548
173,188	319,693	492,881	Profit of the year retained of which fixed assets replacement reserve	639,972	397,459	242,513
19,713	35,000	54,713		108,392	66,000	42,392
84	168,644	168,560	Net addition to profits retained	173,507	288,081	114,574
2,842,757	2,817,012	5,659,769	Profits retained—1st January	5,828,329	2,985,656	2,842,673
2,842,673	2,985,656	5,828,329	Profits retained—31st December	6,001,836	3,273,737	2,728,099

The notes on pages 29 to 31 and 34 to 36 form part of the above accounts.
 Combined earnings per share are shown on page 30.

Consolidated balance sheets

as at 31st December

Figures in italics represent deductions

Fl. 000's

Limited	N.V.			1972 Combined	N.V.	Limited
Capital Employed						
43,484	265,060	308,544	Preferential capital	303,992	265,060	38,932
3,304,282	3,677,987	6,982,269	Ordinary shareholders' funds	7,107,459	3,966,068	3,141,391
549,204	640,165	1,189,369	Ordinary capital	1,189,369	640,165	549,204
2,755,078	3,037,822	5,792,900	Profits retained and other reserves	5,918,090	3,325,903	2,592,187
75,588	135,334	210,922	Outside interests in subsidiaries	246,702	174,598	72,104
867,433	792,174	1,659,607	Loan capital	1,610,485	827,013	783,472
493,544	485,465	979,009	Deferred liabilities	1,070,087	567,432	502,655
47,110	<i>47,110</i>	—	Inter-Group—N.V./Limited	—	<i>78,814</i>	78,814
4,831,441	5,308,910	10,140,351		10,338,725	5,721,357	4,617,368
Employment of Capital						
2,450,039	2,920,580	5,370,619	Land, buildings and plant	5,287,562	3,030,173	2,257,389
113,551	94,221	207,772	Trade investments	174,546	114,402	60,144
44,533	153,926	198,459	Long-term debtors	204,729	161,103	43,626
2,223,318	2,140,183	4,363,501	Net current assets	4,671,888	2,415,679	2,256,209
2,022,707	2,318,870	4,341,577	Stocks	4,093,804	2,238,049	1,855,755
1,327,858	1,450,095	2,777,953	Debtors	3,049,289	1,636,091	1,413,198
1,227,353	1,656,165	2,883,518	Creditors	3,033,490	1,809,641	1,223,849
325,391	379,177	704,568	Provision for taxation	735,895	384,057	351,838
91,543	128,072	219,615	Dividends	272,053	137,754	134,299
106,913	146,718	253,631	Marketable securities	264,152	181,488	82,664
745,959	840,213	1,586,172	Cash and deposits	2,016,775	1,059,480	957,295
335,832	452,299	788,131	Short-term borrowings	710,694	367,977	342,717
4,831,441	5,308,910	10,140,351		10,338,725	5,721,357	4,617,368

Accounting policies and general notes to the accounts

Companies legislation

The accounts have been prepared in compliance with the provisions of the Netherlands Annual Accounts Act 1970 and the United Kingdom Companies Acts 1948 and 1967, and take account of recommended standards in the Netherlands and the United Kingdom.

Foreign currencies

The policy is to use official parities wherever representative for conversion of foreign currencies into guilders or sterling at the year end. The continued floating of sterling, however, made it necessary to use the actual market rate for sterling conversion instead of the official parity at 31st December, 1972. The degree of restriction affecting the transfer of certain currencies varies from year to year. In order to give a realistic view of the results and assets in terms of guilders or sterling the rates of exchange used for restricted currencies are those expected to apply when the relative transfer restrictions are removed.

All foreign currencies have been converted into guilders or sterling at these rates, except that land, buildings and plant continue, in general, to be stated at historical cost in terms of guilders or sterling. The effect of changes in exchange rates on net assets at the beginning of the year is taken to Profits retained, Fl. 41,692,000 in 1972.

The conversion of sales in 1972 at year-end rates (consistent with those used for profits) differs from previous practice when sales to third parties were converted at the official parities ruling at the end of each quarter.

For the purpose of the combined figures all **Limited** figures were converted at the rate of £1 = Fl. 8.455 in 1971 and £1 = Fl. 7.57 in 1972 except for the ordinary capital of **Limited** which has been converted, as in past years, at the Equalisation Agreement rate of £1 = Fl. 12. All other balance sheet items have thus been recalculated as at 1st January, 1972. The net effect of the change in the rate is reflected in Profits retained and is shown separately as Sterling/Guilder realignment, Fl. 297,548,000 in 1972.

Consolidated companies

Companies included in the consolidated accounts are those in which **N.V.** or **Limited** holds directly or indirectly more than 50% of the equity and preference capital, or being directly or indirectly a shareholder controls the

composition of a majority of the Board of Directors.

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

Goodwill

In accordance with the practice established in 1953, the excess of the price paid for new interests over the value of net tangible assets acquired has been eliminated by deduction from Profits retained.

Depreciation

Past policy has been to provide for depreciation of fixed assets at fixed percentages of cost at differing rates in each country, taking into consideration local requirements. Continuation of this policy would lead to inconsistencies and a distortion of results on a group basis. As from 1972 therefore the consolidated accounts incorporate depreciation charges calculated on total group cost at uniform rates which are related to the expected average life of the assets. The accumulated depreciation provided to 31st December, 1971 is considered to have been reasonable and no change has been made to previously reported results.

This approach has resulted in a lower charge in 1972 of Fl. 38 million before tax; had it been applied in 1971 the depreciation charge in that year would have been reduced by about the same amount.

The policy of setting aside part of profits retained to meet the increased cost of replacement of existing assets under inflationary conditions has been continued. The amount set aside to fixed asset replacement reserve each year is the excess of depreciation calculated on estimated replacement value over depreciation calculated on cost.

Taxation

The close company provisions of the United Kingdom Income and Corporation Taxes Act 1970 do not apply to **Limited**. Taxation adjustments relating to previous years have been taken to Profits retained. No provision has been made for the tax which would become payable if retained profits of subsidiaries were distributed to the

Parent companies as it is not the intention to distribute more than the dividends, the tax on which is included in the accounts.

Trade investments

These are all the investments in companies with which **N.V.** or **Limited** has a long-term trading relationship and which are not consolidated. There are some 200 such investments in businesses throughout the world. Neither the results nor the net assets attributable to the investment in those companies are significant in relation to the consolidated results or capital employed.

The dividends from all trade investments are accounted for when received. A statement summarising the interest in the results and net assets of all trade investments is given on page 40.

In **N.V.** trade investments are stated principally at cost, less Fl. 8 million written off. In **Limited** they are shown at net book amount at 31st December, 1947, with additions at cost or valuation less Fl. 26 million written off.

Net current assets

Stocks are consistently stated on the basis of the lower of cost—mainly averaged cost—and net realisable value, less provisions for obsolescence.

Debtors are stated after deducting adequate provisions for doubtful debts.

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

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

Ordinary shareholders' funds

Ordinary shares numbered 1 to 2,400 (inclusive) in **N.V.** and the deferred stock of **Limited** are held as to one-half of each class by **N.V. Elma**—a subsidiary of **N.V.**—and one-half by **United Holdings Limited**—a subsidiary of **Limited**. This capital is eliminated in consolidation. It carries the right to nominate persons for election as directors at general meetings of shareholders. A nominal dividend of $\frac{1}{4}\%$ was paid on this deferred stock and the above-mentioned subsidiaries have waived their rights to dividends on their ordinary shares.

The directors of N.V. Elma are **N.V. and Limited**, who, with Mr. G. D. A. Klijnstra and Dr. E. G. Woodroffe, are also directors of United Holdings Limited.

Deferred liabilities

Taxation not due before 1st January, 1974 includes United Kingdom corporation tax on the profits of 1972 and certain foreign taxes which are not due before that date.

Deferred taxation arises mainly from the charge made to profits in respect of the tax postponed through fixed assets being written off in some countries more rapidly for tax than for commercial purposes less the estimated future taxation relief on the provisions for unfunded retirement benefits.

The provision for deferred taxation at 31st December, 1971 has been adjusted to take account of changes in rates of tax, the difference being included in Taxation adjustments relating to previous years.

Unfunded retirement benefits represent the estimated present value of the future liability for retirement and death benefits to past and present employees other than benefits provided through pension and provident funds.

Contingent liabilities

Contingent liabilities are not expected to give rise to any material loss and include guarantees, security issued and bills discounted as set out on page 39.

A dispute with the German tax authorities gives rise to a contingent liability of Fl. 208 million. This consists of a claim by the authorities for repayment of Fl. 93 million representing dividend tax refunded to 1966 and the companies' claim for refund of tax amounting to Fl. 115 million paid or payable in respect of the years 1967 to 1972.

The tax courts in Hamburg and Bremen have confirmed the view that there is no liability. The German tax authorities, however, have lodged an appeal against these verdicts. The Federal Tax Court completely rejected the German tax authorities' claim, in a comparable case during 1972, and the companies' adviser remains of the opinion that the decision will be in the companies' favour.

General notes

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

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

The Trustees of the Leverhulme Trust have waived their right to that proportion of the 1971 and 1972 dividends on the Trustees' holding of ordinary shares of **Limited** which flows back to the company.

A list of the principal subsidiaries included in the consolidated accounts is given on pages 47, 48 and 49, taking account of Article 14 (3) (a) of the Netherlands Annual Accounts Act. The principal investments are also shown on page 49. It is considered that these companies have principally affected the results or assets in terms of the United Kingdom Companies Act 1967.

Notes to the consolidated profit and loss accounts

Figures in italics represent deductions

Fl. 000's

Limited	N.V.	1971 Combined		1972 Combined	N.V.	Limited
Costs include:						
<i>50,028</i>	<i>64,003</i>	<i>114,031</i>	Hire of plant and machinery	<i>114,606</i>	<i>66,937</i>	<i>47,669</i>
<i>267,964</i>	<i>398,634</i>	<i>666,598</i>	Depreciation	<i>643,640</i>	<i>380,499</i>	<i>263,141</i>
<i>1,852,178</i>	<i>2,840,714</i>	<i>4,692,892</i>	Remuneration of employees including social security contributions	<i>4,931,532</i>	<i>3,019,320</i>	<i>1,912,212</i>
<i>4,126</i>	<i>2,877</i>	<i>7,003</i>	Emoluments of Directors as managers including contributions to pension funds for superannuation	<i>7,569</i>	<i>3,799</i>	<i>3,770</i>
<i>2,215</i>	<i>2,256</i>	<i>4,471</i>	Superannuation of former Directors	<i>2,281</i>	<i>706</i>	<i>1,575</i>
<i>3,737</i>	<i>4,620</i>	<i>8,357</i>	Auditors' remuneration	<i>8,553</i>	<i>4,586</i>	<i>3,967</i>
17,950	13,042	30,992	Income from trade investments	21,931	7,086	14,845
<i>2,900</i>	<i>3,820</i>	<i>6,720</i>	Quoted shares	<i>6,338</i>	<i>2,584</i>	<i>3,754</i>
<i>14,069</i>	<i>8,653</i>	<i>22,722</i>	Unquoted shares	<i>14,728</i>	<i>3,894</i>	<i>10,834</i>
<i>981</i>	<i>569</i>	<i>1,550</i>	Interest on loans	<i>865</i>	<i>608</i>	<i>257</i>
Interest on loan capital includes:						
<i>4,515</i>	<i>15,036</i>	<i>19,551</i>	Interest on loans, the final repayment of which will be made within 5 years	<i>16,098</i>	<i>11,654</i>	<i>4,444</i>
13,807	199	13,608	Other interest	31,701	10,498	21,203
<i>30,184</i>	<i>65,723</i>	<i>95,907</i>	Interest paid on bank advances	<i>91,920</i>	<i>58,998</i>	<i>32,922</i>
<i>33,938</i>	<i>62,660</i>	<i>96,598</i>	Interest received	<i>127,651</i>	<i>70,240</i>	<i>57,411</i>
<i>10,053</i>	<i>2,864</i>	<i>12,917</i>	Profit/loss on marketable securities	<i>4,030</i>	<i>744</i>	<i>3,286</i>
325,408			Taxation on profit of the year for Limited is made up of:			340,627
<i>239,987</i>			U.K. corporation tax			<i>252,898</i>
<i>120,906</i>			less: Foreign tax relief			<i>116,964</i>
<i>206,327</i>			plus: Foreign taxes			<i>204,693</i>
8,396	30,538	22,142	Exceptional items not applicable to current trading	117,032	63,588	53,444
<i>13,071</i>	<i>17,909</i>	<i>4,838</i>	Taxation adjustments previous years	<i>53,766</i>	<i>27,120</i>	<i>26,646</i>
<i>11,998</i>	<i>17,970</i>	<i>29,968</i>	Provision for nationalisation of interests, war damage, disposal and closing of units	<i>196,663</i>	<i>81,320</i>	<i>115,343</i>
<i>2,104</i>	<i>6,201</i>	<i>8,305</i>	Adjustment to provision for unfunded retirement benefits	<i>41,065</i>	<i>10,868</i>	<i>30,197</i>
<i>23,124</i>	<i>16,164</i>	<i>39,288</i>	Other profits	<i>66,930</i>	<i>1,480</i>	<i>65,450</i>
<i>13,697</i>	<i>4,622</i>	<i>18,319</i>	Other losses	—	—	—

Notes to the consolidated balance sheets

Figures in italics represent deductions

	1971	1972
Authorised		
Fl. 000's		
75,000	75,000	
200,000	200,000	
75,000	75,000	
350,000	350,000	
£000's		
172	172	
3,503	3,503	
1,218	1,218	
250	250	
5,143	5,143	

Share capital

Preferential capital (000's)

N.V.	
7% Cumulative Preference	} <i>Ranking</i> <i>pari</i> <i>passu</i>
6% Cumulative Preference	
4% Cumulative Preference	

Limited

5% First Cumulative Preference
7% First Cumulative Preference
8% Second Cumulative Preference
20% Third Cumulative Preferred Ordinary

Guilder equivalent (000's)

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

Ordinary capital (000's)

N.V.
Ordinary
Internal holdings eliminated in consolidation

Limited

Ordinary (in 25p shares)
Deferred
Internal holdings eliminated in consolidation
Guilder equivalent (000's)

Fl. 000's		
1,002,400	1,002,400	
£000's		
136,176	136,176	
100	100	

Fl. 000's		1971
Limited	N.V.	Combined
2,755,078	3,037,822	5,792,900
74,649	52,166	126,815
<i>162,244</i>	—	<i>162,244</i>
2,842,673	2,985,656	5,828,329
167,409	171,000	338,409

Profits retained and other reserves

at 31st December
 Premiums on capital issued
 Adjustment on conversion of Limited's ordinary capital at £1 = Fl. 12

Profits retained

Profits retained include cumulative fixed assets replacement reserve

	1971	1972
Issued and fully paid		
Fl. 308,544	Fl. 303,992	
Fl. 000's		
29,000	29,000	
161,060	161,060	
75,000	75,000	
265,060	265,060	
£000's		
172	172	
3,503	3,503	
1,218	1,218	
250	250	
5,143	5,143	
Fl. 43,484	Fl. 38,932	

Fl. 1,189,369	Fl. 1,189,369	
Fl. 000's		
642,565	642,565	
<i>2,400</i>	<i>2,400</i>	
640,165	640,165	
£000's		
45,767	45,767	
100	100	
<i>100</i>	<i>100</i>	
Fl. 549,204	Fl. 549,204	

1972		1971
Combined	N.V.	Limited
5,918,090	3,325,903	2,592,187
119,002	52,166	66,836
<i>202,748</i>	—	<i>202,748</i>
6,001,836	3,273,737	2,728,099
429,278	237,000	192,278

Notes to the consolidated balance sheets

Figures in italics represent deductions

1971

Fl. 1,659,607

Fl. 000's
300,000
120,331
50,778
471,109
115,368
40,278
22,555
64,800
—
78,064
792,174
£000's
7,053
10,101
11,713
2,188
54,735
85,790
3,155
2,800
10,849
102,594
Fl. 867,433

Loan capital (000's)

N.V.

6% Notes 1972/91
8% Notes 1975
6¾% Loan 1986

Subsidiaries

Netherlands: 4½% Loans 1986/87
Belgium: Revolving credit at variable rates
(Average 5.6% 1971)
Germany: 3%/4¾% Mortgages on factory
ships repayable period to 1986
U.S.A. 4⅝% 20 year Notes 1973/82
7¾% 25 year Notes 1997
Others

Limited

3¾% Debenture stock 1955/75 } *Ranking*
4% Debenture stock 1960/80 } *pari passu*
6¾% Debenture stock 1985/88 }
5½% Unsecured loan stock } *Ranking*
1991/2006 } *pari passu*
7¾% Unsecured loan stock }
1991/2006 }

Subsidiaries

Canada: 6% Debenture Series A 1985
Australia: 7¾% Debentures 1982/87
Others

Guilder equivalent (000's)

1972

Fl. 1,610,485

Fl. 000's
285,000
120,427
50,778
456,205
110,510
—
59,177
64,800
64,800
71,521
827,013
£000's
6,782
9,659
11,713
2,188
54,735
85,077
3,451
3,261
11,708
103,497
Fl. 783,472

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

During the year £271,000 of the 3¾% stock and £442,000 of the 4% stock were purchased by **Limited**.

Fl. 000's

		1971
Limited	N.V.	Combined
8,295	33,938	42,233
92,456	282,261	374,717
120,340	209,618	329,958
153,086	259,137	412,223
493,256	7,220	500,476
784,759	651,958	1,436,717

The repayments fall due as follows:

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

of which:

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

		1972
Combined	N.V.	Limited
50,238	41,200	9,038
384,941	291,595	93,346
296,098	190,300	105,798
413,940	279,633	134,307
465,268	24,285	440,983
1,373,181	676,802	696,379

Notes to the consolidated balance sheets

Figures in italics represent deductions

Fl. 000's

1971			1972		
Limited	N.V.	Combined	Combined	N.V.	Limited
493,544	485,465	979,009	1,070,087	567,432	502,655
153,847	148,861	302,708	280,511	137,083	143,428
—	—	—	33,330	—	33,330
132,143	5,066	127,077	175,508	49,536	125,972
207,554	341,670	549,224	647,398	380,813	266,585

Deferred liabilities

Taxation not due before 1st January, 1974
 Advance corporation tax—United Kingdom
 Deferred taxation
 Unfunded retirement benefits

Inter-Group consists of several accounts between **N.V.** and **Limited**. Loans of £2,300,000 by **Limited** to **N.V.** secured on shares of subsidiaries of **N.V.** included in 1971 were repaid during 1972.

Contingent liabilities

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

Other guarantees amount to:

67,513	65,297	132,810	118,256	56,515	61,741
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352,683	136,809	489,492	486,282	143,058	343,224
315,532	83,096	398,628	398,800	116,106	282,694
35,333	36,404	71,737	85,590	25,802	59,788
1,818	17,309	19,127	1,892	1,150	742

Security has been issued in respect of:

Loan capital					
Bank advances					
Creditors					

Land, buildings and plant

Land and buildings—freehold
 —leasehold—long-term
 (50 years or over)
 —leasehold—short-term
 Plant and equipment
 Ships and motor vehicles

5,287,562	3,030,173	2,257,389
2,003,794	1,193,698	810,096
236,383	21,645	214,738
115,388	25,532	89,856
2,594,142	1,604,819	989,323
337,855	184,479	153,376

Notes to the consolidated balance sheets

Figures in italics represent deductions

Fl. 000's

At 31st December, 1972 capital expenditure authorised by the Boards and still not spent was: **N.V.** Fl. 407,949 (1971: Fl. 460,561), **Limited** Fl. 300,665 (1971: Fl. 243,901). Of these amounts commitments had been entered into for **N.V.** Fl. 148,222 (1971: Fl. 200,844), **Limited** Fl. 131,453 (1971: Fl. 95,017).

Land, buildings and plant (continued)

Cost—31st December, 1972

1st January, 1972
Sterling/Guilder realignment
Expenditure
Proceeds of disposals
New subsidiaries
Disposals, revaluations and other adjustments

Combined **N.V.** **Limited**

10,577,924	6,249,868	4,328,056
10,502,340	5,959,672	4,542,668
<i>475,489</i>	—	<i>475,489</i>
926,802	597,863	328,939
<i>145,841</i>	<i>66,939</i>	<i>78,902</i>
124,917	17,022	107,895
<i>354,805</i>	<i>257,750</i>	<i>97,055</i>

Depreciation—31st December, 1972

1st January, 1972
Sterling/Guilder realignment
New subsidiaries
Disposals, revaluations and other adjustments
Charged to profit and loss accounts

5,290,362	3,219,695	2,070,667
5,131,721	3,039,092	2,092,629
<i>219,039</i>	—	<i>219,039</i>
42,285	4,299	37,986
<i>308,245</i>	<i>204,195</i>	<i>104,050</i>
643,640	380,499	263,141

Limited **N.V.** **1971
Combined**

113,551	94,221	207,772
22,296	41,481	63,777
69,306	44,363	113,669
21,949	8,377	30,326

Trade investments

Quoted shares
Unquoted shares
Loans

**1972
Combined** **N.V.** **Limited**

174,546	114,402	60,144
57,499	41,511	15,988
88,902	52,074	36,828
28,145	20,817	7,328

Movements during the year:

Additions
Disposals and other adjustments

37,855	35,198	2,657
<i>71,081</i>	<i>15,017</i>	<i>56,064</i>

Attributable share of:

Net assets
Net profits after tax

313,336	153,866	159,470
37,728	13,231	24,497

94,248 38,597 132,845

Market value of quoted shares

102,829 52,541 50,288

117,229 78,553 195,782

Directors' valuation of unquoted shares—
on the basis of the book value of underlying net
assets

171,988 71,398 100,590

Notes to the consolidated balance sheets

Figures in italics represent deductions

Fl. 000's

			1971			1972		
Limited	N.V.	Combined		Combined	N.V.	Limited		Limited
Long-term debtors are debtors not due for repayment within one year								
			Stocks					
2,022,707	2,318,870	4,341,577		4,093,804	2,238,049	1,855,755		
787,905	1,344,329	2,132,234	Raw materials and stocks in process	2,014,235	1,264,911	749,324		
490,052	891,015	1,381,067	Finished products	1,374,025	910,234	463,791		
744,750	83,526	828,276	Merchandise and other stocks	705,544	62,904	642,640		
			Debtors include:					
1,060,722	948,171	2,008,893	Trade debtors	2,179,879	1,114,803	1,065,076		
			Creditors include:					
809,194	762,661	1,571,855	Debts to suppliers	1,711,249	883,704	827,545		
21,036	21,978	43,014	Short-term portion of unfunded retirement benefits	57,293	25,189	32,104		
			Marketable securities					
106,913	146,718	253,631		264,152	181,488	82,664		
85,463	61,587	147,050	Quoted—at market value	157,102	80,759	76,343		
21,450	85,131	106,581	Unquoted	107,050	100,729	6,321		

Notes to Unilever N.V. Balance sheet

Figures in italics represent deductions
Fl. 000's

1971		1972
	Profits retained	
561,873	1st January	688,554
4,991	Revaluation of advances to subsidiaries	—
121,690	Profit of the year retained	175,312
35,000	of which: fixed assets replacement reserve (on behalf of subsidiaries)	66,000
688,554	31st December	863,866
	of which:	
171,000	Fixed assets replacement reserve (on behalf of subsidiaries)	237,000
	Loan capital includes an amount of Fl. 15 million which has to be repaid in 1973.	
	Deferred liabilities represent provision for deferred taxation.	
	Interests in subsidiaries Shares in subsidiaries are stated at cost. Profits retained and the profit of the year shown in this balance sheet and the notes thereto are less than the amounts shown under these headings in the consolidated balance sheet and profit and loss account, mainly because only part of the profits of the subsidiaries is distributed in the form of dividend.	
	Debtors include:	
3,039	Payments in advance	3,511
51	Trade debtors	42
	Creditors include:	
2,268	Debts to suppliers	2,053
	Marketable securities include:	
10,002	Quoted stocks	6,625
	Proposed profit appropriation in accordance with art. 41 of the Articles of Association	
334,835	Profit of the year	404,781
14,694	Preference dividends	14,694
320,141	Profit at disposal of the annual general meeting of shareholders	390,087
198,451	Ordinary dividends	214,775
121,690	Profit of the year retained	175,312

Notes to Unilever Limited Balance sheet

Figures in italics represent deductions

£000's

1971

171,561	
	21,321
	278
	401
	<u>17,747</u>
3,451	
<u>2,800</u>	
<u>175,012</u>	
<u>19,800</u>	

	1,585
	—
	2,600
	4,246
	<u>8,431</u>

Profits retained and other reserves

		1972
1st January		175,012
Profit of the year	30,103	
Bonus shares from subsidiaries	188	
Preferential dividends	401	
Dividends on ordinary and deferred capital	<u>17,455</u>	
Profit of the year retained		12,435
of which:		
Fixed assets replacement reserve (on behalf of subsidiaries)		<u>5,600</u>
31st December		<u>187,447</u>
of which:		
Fixed assets replacement reserve		<u>25,400</u>

Deferred liabilities:

U.K. corporation tax	3,200
Advance corporation tax	<i>4,403</i>
Deferred taxation	2,550
Unfunded retirement benefits	4,748
	<u>6,095</u>

Land, buildings and plant:

Land and buildings—freehold	7,117
—leasehold—long-term (50 years or over)	544
—leasehold—short-term	3
Plant and equipment	4,981
	<u>12,645</u>

Movements during the year:

		Cost	Depreciation
1st January	20,626	7,664	
Expenditure	1,200	—	
Proceeds of disposals	<i>305</i>	—	
Disposals and other adjustments	60	40	
Charged to profit and loss account	—	1,232	
31st December	<u>21,581</u>	<u>8,936</u>	

At 31st December, 1972 capital expenditure authorised by the Board and still not spent was £1,058 (1971: £442). Of this amount commitments had been entered into for £728 (1971: £261).

Notes to Unilever Limited Balance sheet

Figures in italics represent deductions
£000's

1971		1972
	Trade investments at net book value at 31st December, 1947 with additions at cost or valuation less £776 written off.	
662	Quoted shares	—
1,111	Unquoted shares	739
611	Loans	87
<u>2,384</u>		<u>826</u>
5,581	Market value of quoted shares	—
3,003	Directors' valuation of unquoted shares— on the basis of the book value of underlying net assets	<u>1,392</u>
	Interests in subsidiaries	
	Profits retained and the profit of the year shown in this balance sheet and the notes thereto are less than the amounts shown under these headings in the consolidated	balance sheet and profit and loss account, mainly because only part of the profits of the subsidiaries is distributed in the form of dividend.
	Marketable securities:	
9,461	Quoted—at market value	8,866
1	Unquoted	1
<u>9,462</u>		<u>8,867</u>
21	Profit of the year is after charging Auditors' remuneration	<u>25</u>

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.

Emoluments of Directors and senior employees

Excluding the Chairman the following numbers of Directors received remuneration as follows:

1971		1972
—	Up to £2,500	—
4	£2,501—£5,000	1
—	£5,001—£7,500	3
3	£7,501—£10,000	—
3	£10,001—£12,500	1
1	£12,501—£15,000	1
2	£15,001—£17,500	2
4	£17,501—£20,000	2
3	£20,001—£22,500	5
2	£22,501—£25,000	2
1	£25,001—£27,500	1
1	£27,501—£30,000	1
1	£30,001—£32,500	—
—	£32,501—£35,000	1
—	£37,501—£40,000	1
<u>25</u>		<u>21</u>

During 1972 there was one Director who served for only part of the year (1971: six).

The Chairman received remuneration of £47,000 (1971 £40,000).

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

The undernoted numbers of employees employed wholly or mainly in the United Kingdom, receiving remuneration in excess of £10,000, include chairmen and directors of wholly owned subsidiary companies.

1971		1972
79	£10,000—£12,500	107
27	£12,501—£15,000	43
12	£15,001—£17,500	16
7	£17,501—£20,000	6
3	£20,001—£22,500	9
1	£22,501—£25,000	3
1	£25,001—£27,500	—
<u>130</u>		<u>184</u>

Principal subsidiaries

N.V.'s principal subsidiaries are held through subsidiaries with the exception of Nederlandse Unilever Bedrijven, Lipoma, Marga, Mavibel, Noorda, Saponia, Unilever Grondstoffen Mij. and Wemado, in the Netherlands.

Limited's principal subsidiaries are held

	% of equity held
Europe	
Belgium—N.V. group	
Hartog's Levensmiddelen N.V., Brussels	99
Iglo-Ola N.V., Brussels	99
Lever N.V., Brussels	99
Union N.V., Merksem-Antwerp	99
N.V. Zwanenberg's Levensmiddelenbedrijf 'Zwan', Schoten	99
Denmark—N.V. group	
Uni-Dan A/S, Copenhagen	
Germany—N.V. group	
Deutsche Unilever G.m.b.H., Hamburg	
Schiffahrts- und Speditionskontor 'Elbe' G.m.b.H., Hamburg	
Elida-Gibbs G.m.b.H., Hamburg	
4P Folie Forchheim G.m.b.H., Forchheim	
Preference capital	100
Frowein & Nolden G.m.b.H., Düsseldorf	92
Preference capital	100
4P Papier Günzach G.m.b.H., Günzach	
Langnese-Iglo G.m.b.H., Hamburg	75
Lever Sunlicht G.m.b.H., Hamburg	
Margarine-Union G.m.b.H., Hamburg	
Meistermarken-Werke G.m.b.H. Spezialfabrik für Back- und Grossküchenbedarf, Bremen	
Otto Mess G.m.b.H., Düsseldorf	92
4P Nicolaus Kempton G.m.b.H., Kempton	
4P Nicolaus Ronsberg G.m.b.H., Ronsberg	
'Nordsee' Deutsche Hochseefischerei G.m.b.H., Bremerhaven	68
Preference capital	68
4P Rube Göttingen G.m.b.H., Göttingen	
Scado G.m.b.H., Emslage	
'Unichema' Chemie-Gesellschaft m.b.H., Hamburg	
Union Deutsche Lebensmittelwerke G.m.b.H., Hamburg	
Spain—N.V. group	
Agra S.A., Lamiacó	
Lever Ibérica S.A., Madrid	
France—Limited group	
Compagnie du Niger Français S.A., Paris	81
Fragap S.A., Paris	85
—N.V. group	
Astra-Calvé S.A., Courbevoie	97

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

	% of equity held
Bertrand Frères S.A., Grasse	98
Compagnie Française de Nutrition Animale S.A., Tours	98
4P Emballages France S.A., Allonne	99
La Roche aux Fées S.A., Nantes	91
Etablissements Rousset S.A., Vénissieux	91
Société Autonome de Transports et de Magasinage S.A., Paris	99
Savonneries Lever S.A., Paris	99
Société des Thés de l'Éléphant S.A., Marseille	92
Sheby S.A., Bezons	80
Thibaud Gibbs et Cie S.A., Paris	99
Unilever Export France S.A., Puteaux	99
Union Générale des Glycérines, Paris	71
Greece—N.V. group	
Industrie Hellénique de Détergents S.A. (E.V.A.), Athens	79
Lever Hellas A.E., Athens	79
Republic of Ireland—Limited group	
Lever Brothers (Ireland) Ltd., Dublin	
W. & C. McDonnell Ltd., Dublin	
Paul and Vincent Ltd., Dublin	
Italy—N.V. group	
Unil-It S.p.A., Milan	
Algel-Findus S.p.A., Cisterna	75
Sages S.p.A., Rome	75
Netherlands—N.V. group	
Nederlandse Unilever Bedrijven B.V., Rotterdam	
Preference capital	99
African and Eastern Trading Company Holland B.V., Rotterdam	
Koninklijke Maatschappij De Betuwe N.V., Tiel	
Van Breugel's Fabrieken B.V., Barneveld	
Calvé-De Betuwe B.V., Delft	
Voedingsmiddelenfabriek Calvé-Delft B.V., Delft	
Croklaan B.V., Wormerveer	
Drukkerij Reclame B.V., Rotterdam	
H. Hartog's Fabrieken B.V., Oss	
Iglo B.V., Utrecht	
Lever's Zeep-Maatschappij B.V., Rotterdam	

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

	% of equity held
'Lipoma', Maatschappij tot Beheer van Aandeelen in Industriele Ondernemingen B.V., Rotterdam	
Lucas Aardenburg B.V., Hoogeveen	
'Marga', Maatschappij tot Beheer van Aandeelen in Industriele Ondernemingen B.V., Rotterdam	
Handelmaatschappij Marko B.V., Rotterdam	
Mavibel (Maatschappij voor Internationale Beleggingen) N.V., Rotterdam	
Mengvoeder UT-Delfia B.V., Maarssen	
Handelmaatschappij Noorda B.V., Rotterdam	
* Pensioenverzekeringmaatschappij 'Progress' N.V., Rotterdam	
Bakhuis' Vleeswaren- en Conservenfabrieken Olba B.V., Olst	
Safial B.V., Rotterdam	75
'Saponia', Maatschappij tot Beheer van Aandeelen in Industriele Ondernemingen B.V., Rotterdam	
Scado B.V., Zwolle	
Sheby-Kemi N.V., Wormerveer	64
U. Twijnstra's Oliefabrieken B.V., Akkrum	
Exportslachterij Udema B.V., Gieten	
Unilever-Emery N.V., Gouda	50
Preference capital	50
Unilever Export B.V., Rotterdam	
Unilever Grondstoffen Maatschappij B.V., Rotterdam	
Unimills B.V., Zwijndrecht	
Unox B.V., Oss	
Verenigde Zeepfabrieken B.V., Rotterdam	
Viruly B.V., Maarssen	
'Wemado', Maatschappij tot Beheer van Aandeelen in Industriele Ondernemingen B.V., Rotterdam	
Zwanenberg's Fabrieken B.V., Oss	
Austria—N.V. group	
Österreichische Unilever G.m.b.H., Vienna	
Allpack Verpackungen Gesellschaft m.b.H., Vienna	
Apollo' Seifen und Waschmittel G.m.b.H., Vienna	

* Pensioenverzekeringmaatschappij 'Progress' N.V. is not consolidated. It publishes separate accounts.

	% of equity held		% of equity held		% of equity held
Elida Gesellschaft m.b.H., Vienna		Leverton Group Ltd., London		Venezuela—N.V. group	
Eskimo-Iglo G.m.b.H., Vienna	75	Lipton Ltd., London		Lever S.A., Caracas	
'Kunerol' Nahrungsmittel G.m.b.H., Vienna		Mac Fisheries Ltd., Bracknell			
Unichema Vertriebsgesellschaft m.b.H., Vienna		Mattessons Meat Ltd., London		Africa	
		Midland Poultry Holdings Ltd., Craven Arms		United Republic of Cameroons	
Portugal—N.V. group		Palm Line Ltd., London		—Limited group	
Iglo Indústrias de Gelados, Lda., Lisbon	74	Price's Chemicals Ltd., Bromborough		Pamol (Cameroons) Ltd., London	
Indústrias Lever Portuguesa, Lda., Sacavem	60	Proprietary Perfumes Ltd., Ashford		Plantations Pamol du Cameroun Ltd., Lobe	
		Reichhold Chemicals Ltd., Liverpool			
Switzerland—N.V. group		Richmond Sausage Company Ltd., Liverpool		Republic of the Congo (Brazzaville)	
Unilever (Schweiz) A.G., Zürich		S.P.D. Ltd., Watford		—Limited group	
'Astra', Fett- und Oelwerke A.G., Steffisburg	85	Synthetic Resins Ltd., Liverpool		Société Commerciale du Kouilou Niari-Congo S.A., Brazzaville	96
Elida Cosmetic A.G., Zürich		Thames Board Mills Ltd., Purfleet			
Sais A.G., Zürich		Thames Case Ltd., Purfleet		Republic of Zaire—Limited group	
Sunlight A.G., Olten		Unilever Export Ltd., London		Sedec s.a.r.l., Kinshasa	99
		Unilever (Commonwealth Holdings) Ltd., London		—N.V. group	
Finland—N.V. group		UML Ltd., Port Sunlight		Plantations Lever au Zaïre s.a.r.l., Kinshasa	98
Gibbs Oy, Turku		UAC International Limited, London		Compagnie des Margarines, Savons et Cosmétiques au Zaïre s.a.r.l., Kinshasa	99
Lumivalko Oy, Turku		U.A.C. Holdings Ltd., London			
S.W. Paasivaara-Yhtymä Oy, Helsinki		Van den Berghs and Jurgens Ltd., London		Gabon—Limited group	
Turun Saippua Oy, Åbo		Vinyl Products Ltd., Carshalton		Hatton et Cookson S.A., Libreville	99
		T. Wall & Sons Ltd., London			
Sweden—N.V. group		John West Foods Ltd., Liverpool		Ghana—Limited group	
AB Agra Margarinfabrik, Lidingö				Ghana Consolidated Machinery and Trading Company Ltd., Accra	
AB Bjäre Industrier, Karpalund		North and South America		Kingsway Stores of Ghana Ltd., Accra	89
Blå Band Produkter AB, Halmstad		Canada—Limited group		Lever Brothers Ghana Ltd., Accra	51
AB Centrava, Stockholm		Lever Brothers Ltd., Toronto		G. B. Ollivant (Ghana) Ltd., Accra	
Fastighets AB Agra, Lidingö		Monarch Fine Foods Co. Ltd., Toronto		The United Africa Company of Ghana Ltd., Accra	
AB Liva Fabriker, Lidingö		Shopsy's Foods Ltd., Weston			
Novia Livsmedelsindustrier AB, Stockholm		A. & W. Food Services of Canada Ltd., Toronto		Ivory Coast—Limited group	
Scado AB, Landskrona		—N.V. group		Compagnie Française de la Côte-d'Ivoire S.A., Abidjan	99
AB Sunlight, Nyköping		Thomas J. Lipton Ltd., Toronto	99		
Margarin AB Svea, Lidingö				Kenya—Limited group	
Trollhätteglass AB, Nacka		Netherlands Antilles—N.V. group		East Africa Industries Ltd., Nairobi	54
AB Vandenberghs Margarin, Lidingö		N.V. Becumij, Willemstad	99	Gailey & Roberts Ltd., Nairobi	
		Mavibel International N.V., Willemstad			
Turkey—N.V. group				Malawi—Limited group	
Unilever-Is Ticaret ve Sanayi Türk Limited Sirketi, Istanbul	80	United States of America—N.V. group		Lever Brothers (Malawi) Ltd., Limbe	
		Lever Brothers Company, Portland			
United Kingdom—Limited group		Thomas J. Lipton Inc., Dover	99	Nigeria—Limited group	
Associated Feed Manufacturers Ltd., Belfast				African Timber & Plywood (Nigeria) Ltd., Lagos	
Austin Packaging Group Ltd., Bromborough		Argentina—N.V. group		Bordpak Ltd., Lagos	
Batchelors Foods Ltd., Sheffield		Lever y Asociados Sociedad Anonima Comercial Industrial y Financiera, Buenos Aires	99	G. Gottschalck and Company (West Africa) Ltd., Lagos	
Birds Eye Foods Ltd., Walton-on-Thames				Kingsway Stores of Nigeria Ltd., Lagos	
BOCM Silcock Ltd., Basingstoke		Brazil—N.V. group		Lever Brothers Nigeria Ltd., Apapa	
Chemical and Industrial Investment Company Ltd., Wallsend		Industrias Gessy Lever S.A., Sao Paulo	99	Niger Motors Ltd., Lagos	63
Clynol Ltd., London				Norspin Ltd., Lagos	
Commercial Plastics Industries Ltd., Wallsend		Colombia—N.V. group		G. B. Ollivant (Nigeria) Ltd., Lagos	
C.W.A. Holdings Ltd., London		Compañía Colombiana de Grasas 'Cogra' S.A., Bogotá		Pamol (Nigeria) Ltd., Lagos	
Joseph Crosfield & Sons Ltd., Warrington		Productos Lever S.A., Bogotá		The United Africa Company of Nigeria Ltd., Lagos	
Elida Gibbs Ltd., London				U.A.C. (Technical) Ltd., Lagos	
Food Industries Ltd., Liverpool		Trinidad—Limited group			
Lawson of Dyce Ltd., Aberdeen		Lever Brothers West Indies Ltd., Port of Spain	75		
Lever Brothers Ltd., London					

	% of equity held		% of equity held		% of equity held
Rhodesia—Limited group Lever Brothers (Private) Ltd., Salisbury		Zambia—Limited group K. B. Davies & Co. (Zambia) Ltd., Chingola		Pamol (Malaya) Sdn. Bhd., Kuala Lumpur Pamol (Sabah) Ltd., London	
Sierra Leone—Limited group The United Africa Company of Sierra Leone Ltd., Freetown		Rest of World		Pakistan—Limited group Lever Brothers Pakistan Ltd., Karachi	70
South Africa—Limited group Hudson & Knight (Pty.) Ltd., Durban Lever Brothers (Pty.) Ltd., Durban Lever's Stock Feeds (Pty.) Ltd., Durban Unilever South Africa (Pty.) Ltd., Durban Van den Berghs and Jurgens (Pty.) Ltd., Durban T. Wall & Sons (Pty.) Ltd., Durban		India—Limited group Hindustan Lever Ltd., Bombay	85	Philippines—N.V. group Philippine Refining Company Inc., Manila	
Tanzania—Limited group The United Africa Company of Tanzania Ltd., Dar es Salaam		Indonesia—N.V. group Van den Bergh's Fabrieken Indonesia N.V., Jakarta Maatschappij ter Exploitatie der Colibri-Fabrieken N.V., Jakarta Lever's Zeepfabrieken Indonesia N.V., Jakarta		Sri Lanka—Limited group Lever Brothers (Ceylon) Ltd., Colombo	
Uganda—Limited group Gailey & Roberts (Uganda) Ltd., Kampala		Japan—N.V. group Hohnen-Lever Company Ltd., Tokyo	70	Thailand—N.V. group Lever Brothers (Thailand) Ltd., Bangkok	
		Malaysia—Limited group Lever Brothers (Malaysia) Sdn. Bhd., Kuala Lumpur		Australia—Limited group Rosella Foods Pty. Ltd., Richmond Streets Ice Cream Pty. Ltd., Sydney Unilever Australia Pty. Ltd., Sydney	
				New Zealand—Limited group Lever Brothers (New Zealand) Ltd., Petone Unilever New Zealand Ltd., Petone	

Principal investments

	% of equity held		% of equity held		% of equity held
Germany—N.V. group Fritz Homann G.m.b.H.	50	Netherlands—N.V. group Gamma Holding N.V.	43	Nigeria—Limited group Guinness (Nigeria) Ltd. Nigerian Breweries Ltd.	29 33

Combined earnings per share and dividends

1972 above 1971	Dutch Guilders	Sterling Pence	Austrian Schillings	Belgian Francs	French Francs	German Marks	Swiss Francs	U.S. Dollars
Rates of exchange: one unit = Fl.		7.57 8.455	0.1392 0.1392	0.0724 0.0724	0.6343 0.6343	1.0069 1.0069	0.8463 0.8463	3.24 3.24
Earnings¹⁾²⁾								
Per Fl. 20 of capital	17.70 15.09	233.76 178.43	127.12 108.38	244.41 208.38	27.90 23.78	17.57 14.98	20.91 17.83	5.46 4.66
Per 25p of capital	2.65 2.26	35.06 26.77	19.07 16.26	36.66 31.26	4.18 3.57	2.64 2.25	3.14 2.67	0.82 0.70
Earnings plus depreciation								
Per Fl. 20 of capital	29.24 27.04	386.22 319.80	210.03 194.25	403.82 373.47	46.09 42.63	29.04 26.85	34.55 31.95	9.02 8.35
Per 25p of capital	4.39 4.06	57.93 47.97	31.50 29.14	60.57 56.02	6.91 6.39	4.36 4.03	5.18 4.79	1.35 1.25
Dividends²⁾								
Per Fl. 20 of capital	6.71 6.20	88.64 73.33	48.20 44.54	92.68 85.64	10.58 9.77	6.66 6.16	7.93 7.33	2.07 1.91
Per 25p of capital	0.83 0.95	11.02 11.20	5.99 6.80	11.52 13.08	1.31 1.49	0.83 0.94	0.99 1.12	0.26 0.29

¹⁾ The figure of earnings per share should not be considered as more than a guide for comparing the combined profits from year to year, and should not be taken as the amount that would be paid to the ordinary shareholders, if all the profits for the year were distributed as dividend. Reference is made to the booklet Equalisation Agreement and Earnings per Share which is available on request.

The calculation of earnings per share is based on the combined profit of the year accruing to ordinary capital divided by the issued ordinary capital of **N.V. and Limited** the latter being converted at the Equalisation Agreement rate of £1 = Fl. 12 and after reducing the issued ordinary capital of **Limited** by 73% of the 33,775,596 ordinary shares held by the Leverhulme Trust which has waived its rights to dividends which flow back to the Company.

²⁾ Rates of exchange quoted above have been used to convert figures in this table. The change in the sterling/guilder rate of exchange results in the growth in earnings being different when expressed in pence and guilders. The value in other currencies of dividends actually paid may be different due to fluctuation in the rates of exchange after the year end.

Salient figures in other currencies

All figures relate to **N.V. and Limited** groups combined.

The Salient figures given on page 8 are shown below in the currencies indicated.

1972 above 1971	Sterling £	Austrian Schillings	Belgian Francs	French Francs	German Marks	Swiss Francs	U.S. Dollars
Rates of exchange: one unit = Fl.	7.57 8.455	0.1392 0.1392	0.0724 0.0724	0.6343 0.6343	1.0069 1.0069	0.8463 0.8463	3.24 3.24
Million							
Sales to third parties	3,545 3,069	192,750 183,317	370,613 365,760	42,286 40,909	26,655 26,657	31,688 30,224	8,330 7,526
Operating profit	257 203	13,989 12,327	26,897 23,710	3,069 2,707	1,934 1,705	2,300 2,028	605 529
Interest on loan capital	13 13	714 776	1,373 1,492	156 170	99 107	117 128	31 33
Profit of the year before taxation	251 196	13,660 11,871	26,264 22,834	2,997 2,607	1,889 1,642	2,246 1,953	590 510
Taxation on profit of the year	112 91	6,084 5,503	11,697 10,584	1,335 1,208	841 761	1,000 906	263 236
Consolidated profit of the year	133 102	7,217 6,171	13,876 11,870	1,583 1,355	998 854	1,186 1,015	312 265
Profit of the year accruing to ordinary capital	130 99	7,089 6,041	13,631 11,620	1,555 1,326	980 836	1,166 994	307 259
Ordinary dividends	46 41	2,492 2,502	4,791 4,813	547 549	344 346	410 412	108 107
Profit of the year retained	84 58	4,597 3,539	8,840 6,807	1,008 777	636 490	756 582	199 152
Capital employed	1,366 1,199	74,269 72,811	142,803 140,046	16,293 15,987	10,270 10,071	12,210 11,981	3,210 3,125
Net liquid funds	207 124	11,280 7,551	21,689 14,524	2,475 1,658	1,560 1,044	1,854 1,243	487 324
Capital expenditure	122 101	6,658 6,105	12,801 11,742	1,461 1,340	921 844	1,095 1,005	288 262
Depreciation	85 79	4,624 4,786	8,890 9,206	1,014 1,051	639 662	760 788	200 205

Reference is made to the notes on page 34 re change in the rate of depreciation and the notes on pages 10 and 26 regarding the dividends.

Dates for Unilever N.V. shareholders to note

Dividends

Ordinary	Interim	Announced mid-November. Payable mid-December (New York shares: second half of December).
	Final	Proposed end of February. Payable mid-May (New York shares: about end of May).
7% and 6% Cumulative Preference	First half	Payable 1st July.
	Second half	Payable 2nd January.
4% Cumulative Preference	First half	Payable 1st October.
	Second half	Payable 1st April.

Interim announcement of results

First quarter results	Mid-May.
First half-year results	Mid-August.
Nine months results	Mid-November.
Provisional results for the year	End of February.

Food and Drinks



Our activities in the areas of food and drinks cover a wide range of products. Organisationally they are divided into three:

edible fats and dairy products;
meat and meat products;
all other food and drinks.

This survey is concerned with the third group. It will describe the main activities and developments in frozen food and ice-cream; in canned and dried products such as prepared meals, soups, dressings and sauces; and in tea, soft drinks, jams, condiments and snacks. It will also cover Nordsee and their shops and restaurants and the area of catering.

In the past eight years, the combined turnover of this group has more than tripled to over Fl. 5,000 million and now amounts to 21% of total sales to third parties.

Meeting changing consumer needs

Decisions as to where to develop, and in what way, are primarily based on studying consumers' requirements as their standard of living rises. This affects opportunities for food manufacturers in two ways. First, people have the money to buy foods they find more palatable and which offer more variety in each season of the year, as well as foods in which the manufacturer saves them time and labour in preparation. Second, changes are taking place in the way people live. More people can afford to eat out. With television, with greater independence among young people, with the weakening of traditions, families eat more snacks and tend to eat separately at different times. Increasing ownership of refrigerators with storage compartments for frozen food, and of deep freezers, have a major influence on frozen food and ice-cream consumption. The growth of car ownership, of caravanning, camping and other leisure activities have all influenced opportunities in the food market.

Design for growth

Our policy for growth is primarily one of building on existing foundations. Constant product improvement, backed by intensive research and development, is necessary to ensure we keep the franchise we already have with housewives. At the same time, we keep constant watch for opportunities for offering greater variety. For example, in 1964 we offered the Dutch housewife only two types of food dressings. Today she has the choice of fifteen varieties. In 1964 our ice-cream company in Germany had only five varieties suitable for taking home to eat. Today they sell eighteen, and of much higher quality. In the United Kingdom we launched Vesta packet meals in 1961. There are now fourteen varieties and Vesta is one of Batchelors' largest selling ranges.

At the same time, our companies are always watching for the chance of

introducing new products to satisfy new demands. Mixed fruit drinks did not exist in the Netherlands five years ago; now they are highly successful because they filled a clear gap in the market. Our Italian frozen foods business sells nearly 2,000 tons a year of soffocini (a filled pancake) which did not exist in frozen form before 1970. The latest such example is Cup-a-Soup, developed and marketed by Lipton Inc. in the United States. This has now been launched in Australia and in the Benelux countries.

Cup-a-Soup illustrates yet a further aspect of our growth policy. When an idea has been successfully developed in one country, we examine the scope for exploiting it in others. This task is not as easy as might appear at first sight. We have been unable successfully to transfer the Vesta package meal concept to other countries either in Europe or further afield. Yet Tree Top, our fruit juice drink, achieved its greatest success in Germany, where it was launched three years after its original introduction in the United Kingdom. There is no guarantee of success. Opportunities vary between countries because of different eating traditions, and because change occurs at different rates and in different ways. As international food manufacturers we need to know the consumers in each country, and to adapt our products to their needs. Co-ordination of investment and marketing ensures, however, that no opportunity is missed. Thus in frozen foods, Birds Eye 'Dinners for One' have been followed by an equally successful launch of 'Iglo Dinners' in the Netherlands. The two ranges are based on the same idea but have had to be adapted to meet the different requirements of the markets. The ice-cream companies keep in close touch with one another. This year's successful new 'impulse' ice-cream by Streets in Australia may well be marketed only six months later in the summer in Europe.

Our policy for growth does not rule out mergers and acquisitions. As a rule we only make acquisitions which will enable us to introduce our products and deploy our marketing skills in new territories, or to achieve greater efficiency in the total operation. Examples are the merger of our quick-frozen food and ice-cream businesses with those of Nestlé Alimentana S.A. in Austria, Germany and Italy in 1969/70, and our purchase of Lipton Limited from Allied Suppliers Limited. Lipton Inc. in the United States and Lipton in Canada were already our subsidiaries. Through them and Lipton Limited we now have a substantial interest in tea markets and the benefit of the Lipton house name all over the world.

Soups, dressings and condiments, tea and other drinks

We first marketed soups in Europe in 1947. Dry soup mixes are now sold in eighteen countries and canned soups in ten. The latest development in this market, Cup-a-Soup, owes its success to an entirely new concept. It is marketed as a between-meal beverage, and is packed in single servings, which are prepared simply by adding boiling water.

The product won for Lipton Inc. a Top Honors award in the Putman Food Awards for its 'soundness of concept, uniqueness of product and professional marketing strategies'. The Putman Awards are given annually, by Food Processing Magazine, for significant contributions to the more efficient and effective operation of the food processing industries.

Dressings and condiments are an important group of products for us, our main markets being the continent of Europe and the United States. Further growth is coming from increased purchasing power, combined with the consumer's desire for more varied and luxurious food. This demand is being met by introducing an ever-increasing

range of products and varieties, developed in our own laboratories.

Our entry into the soft drinks market is relatively recent. We are building special expertise in fruit drinks, which offer scope for expansion where we are able to meet specific consumer preferences.

Our new ventures, the marketing of mineral water with Perrier in Germany, and our entry into the pet foods market on the continent, are evidence of further diversification.

Through the acquisition of Lipton Limited tea is now the third largest product in our foods and drinks business, after quick-frozen foods and ice-cream.

Lipton Inc. is a good example of what can be achieved in a broadly based food company. During the past ten years this company has consistently maintained the highest level of performance of any of the companies covered by this survey. Each year's Report and Accounts has recorded growth and profitable achievement. In the United States alone, total net sales passed the \$300 million mark in 1971 and further success followed in 1972.

Recent trends in eating habits, particularly the eating of snacks, are of growing concern to nutritionists in the United States. The problem is that while most people consume sufficient calories—often too many—they are not getting sufficient of the necessary nutrients. Lipton Inc.'s approach is to ensure that each of the products it markets has enough of the appropriate nutrients. The company believes that greater public awareness of the nutrients required for healthy living, combined with clearly understood means of communicating the nutrient content of products, are essential if food manufacturers are to contribute fully to public health and welfare.

Frozen food products and ice-cream

Our frozen food and ice-cream businesses are concentrated mainly in the countries of the enlarged European Communities and Austria. In addition, we have ice-cream businesses in Portugal and Switzerland, and a number of other countries, including Australia and Malaysia. Although the origins of our ice-cream businesses go back to the 1920s and our frozen foods businesses to the 1940s, it is during the past ten years that growth of the latter has been most

rapid. The spark came from Birds Eye in the United Kingdom, who led the way: yet despite this growth, consumption per head of frozen foods—particularly in the E.C. countries—is still a long way behind that of countries such as the United States, Australia and Sweden. In view of this and of the scope that exists for extending our business geographically, we can be confident of even further growth.

Frozen food owed its original success to the fact that it enables seasonal foods, particularly vegetables such as spinach and peas, to be eaten all the year round, and fish to be sold in places remote from the sea. Vegetables and fish still form the basis of most of our business. Rising incomes, increasing leisure and a greater interest in food on the part of the consumer, have led us to add extra convenience to vegetables, fish, meat and bakery products. For example, nearly a third of all the spinach we sell in Germany now includes a sauce. Fish with sauces, as opposed to straightforward fillets, is becoming increasingly popular in many countries. Complete meals, once sold in limited quantities, are now a very important item both for the caterer and as a convenient stand-by in the home. Increasingly, housewives are coming to appreciate that freezing is not just a method of preserving food, but a means of enjoying attractive dishes without the labour normally involved in preparing them.

Ice-cream can be part of a meal or eaten on impulse. Varieties, types and ranges have been extended for both these uses. Consumption in winter has greatly increased but still remains low compared with the quantity eaten in summer. We are sure that further progress can be made in increasing winter sales, particularly of ice-cream bought for eating at home, thereby enabling us to make a more balanced use of our production and distribution capacity throughout the year. Ice-cream purchased on impulse is bought mainly in summer and by children—the most demanding and value-for-money conscious of customers. The need here is to offer constant variety, meeting current tastes and fashions, and for rapid international exchange of successful experience. Sales have grown swiftly over the past few years. We are sure we can make them grow still further.

Growth in catering

As a major supplier to the catering industry, we stand to benefit from the trend towards eating out, in restaurants and canteens. As labour costs rise,

caterers of all kinds will find it increasingly economic to buy the prepared or partly prepared foods we can supply rather than do the work themselves.

Nordsee, whose basic business is trawling, also operates fish restaurants in Germany and Austria; similar restaurants have been opened in the Netherlands. Snack bars have been installed in over a hundred of Nordsee's fish shops—and have increased profitability. Special dishes have also been devised to meet the growing demand for food that can be taken away.

Ensuring the future through research and development

Firms in the business of preserving and preparing foods cannot expect to operate profitably, or to survive against competition, without strong research support. This is why we currently spend some Fl. 60 million annually world-wide on research and development in the fields of food and horticulture, employing 2,000 people. This research starts with developing the right raw materials to meet consumer tastes; increasing crop yields; enabling crops to be harvested more economically, and improving methods of preserving and processing materials. Such work not only results in greater consumer satisfaction, it also contributes to a more effective use of natural resources. Considerable research effort goes into understanding nutrition and ensuring the nutritional value of foods processed and preserved by our companies. Interest ranges from particular population groups in developed countries known to have problems of malnutrition, to the problems of communities in certain developing countries. People's nutritional requirements will only be met if the nutrients are geared to their specific needs, and contained in products that are acceptable in form, flavour, texture, size of pack, and price.

Tomorrow's needs and opportunities lie in many areas. Among them are products whose contribution to diet can help in the prevention of certain diseases, including those associated with overweight. Much remains to be understood about the relationships between diet and disease, and disagreement on the meaning of some research findings has yet to be resolved. Investment in such areas and in the development and proving of products to meet dietary requirements contributes to the future health of mankind and helps to ensure that we have products ready for marketing when needed.



Most of the brands and varieties mentioned in the text are included in the selection above. More than 60 products are shown, marketed in 12 countries, but they form only a part of the total.

Just when they will be viable in the market place depends on the climate of opinion, and on the knowledge and concern among consumers about the role of diet in relation to health. With all products and in all markets there is a right time. Being too early can prove a costly failure. Being too late gives competitors too great an opportunity to become established.

We were one of the first companies to carry out thorough research into the use of vegetable proteins in manufactured foods. This research took place twenty years ago, but was terminated before products were launched because marketing at that stage would have been premature.

Today we are involved in a sizeable research and development programme on vegetable protein. We have the advantage of a patented invention which, together with extensive expertise, gives us a strong position in this currently developing food area.

In all work on the growing, harvesting, preparation and preservation of food throughout the world, our single most important task, in the laboratories and factories alike, is that of ensuring that our food products are safe. Our quality control techniques are the most modern available and we are making increasing use of automated analytical and detection methods.

New products frequently require heavy investment in research and development. Only by being able to market them across countries can our business meet its commitment to consumers and shareholders alike in the 1970s. To consumers, through making new products of the highest quality widely available at the lowest possible prices. To shareholders, by ensuring the effective use of resources on a world-wide basis, since this is the key to obtaining a satisfactory return on investments in an increasingly competitive world.