

# Disclaimer

## **Notes to the Annual Report & Accounts and Form 20-F 2002**

This PDF version of the Unilever Annual Report & Accounts and Form 20-F 2002 is an exact copy of the document provided to Unilever's shareholders.

Certain sections of the Unilever Annual Report & Accounts and Form 20-F 2002 have been audited. Sections that have been audited are set out on pages 66 to 112, 118 to 133 and 135 to 136. The auditable part of the directors' remuneration report as set out on page 60 has also been audited.

The maintenance and integrity of the Unilever website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters. Accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially placed on the website.

Legislation in the United Kingdom and the Netherlands governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **Disclaimer**

Except where you are a shareholder, this material is provided for information purposes only and is not, in particular, intended to confer any legal rights on you.

This Annual Report & Accounts and Form 20-F does not constitute an invitation to invest in Unilever shares. Any decisions you make in reliance on this information are solely your responsibility.

The information is given as of the dates specified, is not updated, and any forward-looking statements are made subject to the reservations specified on page 2 of the Report.

Unilever accepts no responsibility for any information on other websites that may be accessed from this site by hyperlinks.

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### Annual accounts

The directors are required by Title 9, Book 2 of the Civil Code in the Netherlands and the United Kingdom Companies Act 1985 to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Unilever Group, NV and PLC as at the end of the financial year and of the profit or loss for that year.

The directors consider that in preparing the accounts, the Group, NV and PLC have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all United Kingdom accounting standards which they consider to be applicable have been followed, except as noted under 'Accounting standards' on page 66.

The directors have responsibility for ensuring that NV and PLC keep accounting records which disclose with reasonable accuracy their financial position and which enable the directors to ensure that the accounts comply with the relevant legislation. They also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

This statement, which should be read in conjunction with the 'Report of independent auditors' set out on page 65, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the accounts.

A copy of the financial statements of the Unilever Group is placed on our website at [www.unilever.com](http://www.unilever.com). The maintenance and integrity of the website is the responsibility of the directors, and the work carried out by the auditors does not involve consideration of these matters. Accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially placed on the website. Legislation in the United Kingdom and the Netherlands governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Going concern

The directors continue to adopt the going concern basis in preparing the accounts. This is because the directors, after making enquiries and following a review of the Group's budget for 2003 and 2004, including cash flows and borrowing facilities, consider that the Group has adequate resources to continue in operation for the foreseeable future.

### Internal and disclosure controls and procedures

Unilever has a well established control environment, which is well documented and regularly reviewed. This incorporates risk management, internal control procedures and disclosure controls and procedures which are designed to provide reasonable assurance that assets are safeguarded, the risks facing the business are being controlled and all information required to be disclosed is reported to the Group's senior management, including where appropriate the Chairmen and Financial Director, within the required timeframe. Our procedures cover financial, operational, social and environmental risks and regulatory matters. The Boards of NV and PLC have also established a clear organisational structure, including delegation of appropriate authorities. The Group's control environment is supported through a Code of Business Principles, which sets standards of professionalism and integrity for its operations worldwide.

The Boards have overall responsibility for establishing key procedures designed to achieve systems of internal control and disclosure control and for reviewing and evaluating their effectiveness. The day-to-day responsibility for implementation of these procedures and ongoing monitoring of risk and the effectiveness of controls rests with the Group's senior management at individual operating company and Business Group level. Business Groups, each of which has its own Risk Committee, review, on an ongoing basis, the risks faced by their group and the related internal control arrangements and provide written reports to the Corporate Risk Committee. This is comprised mainly of Board members and chaired by the Financial Director. The Corporate Risk Committee is a committee of the Board and maintains oversight, on behalf of the Boards, of the controls in place to identify, evaluate and manage risk. It reports regularly to the Boards, which retain ultimate responsibility, and to the Audit Committee.

Unilever's corporate internal audit function plays a key role in providing an objective view and continuous reassurance of the effectiveness of the risk management and related control systems throughout Unilever to both operating management and the Boards. The Group has an independent Audit Committee, entirely comprised of Advisory Directors. This Committee meets regularly with corporate internal audit and the external auditors.

Unilever has a comprehensive budgeting system with an annual budget approved by the Boards, which is regularly reviewed and updated. Performance is monitored against budget and the previous year through monthly and quarterly reporting routines. The Group reports to shareholders quarterly.

## 64 Statement of directors' responsibilities

Unilever's system of risk management has been in place throughout 2002 and up to the date of this report, and complies with the recommendations of 'Internal Control – Guidance for Directors on the Combined Code', published by the Internal Control Working Party of the Institute of Chartered Accountants in England & Wales in September 1999. The Boards have carried out an annual review of the effectiveness of the systems of risk management and internal control during 2002, and have ensured that the necessary actions have been taken to address any weaknesses or deficiencies arising out of that review.

Based on an evaluation by the Board, which comprises the Chairmen, the Financial Director and the Group's senior management, each Chairman and the Financial Director concluded that the design and operation of the Group's disclosure controls and procedures as at 31 December 2002 were reasonably effective and that subsequently there have been no significant changes in the Group's internal controls or in other factors that could significantly affect those controls.

It is Unilever's policy to bring acquired companies within the Group's governance procedures as soon as is practicable and, in any event, by the end of the first full year of operation.

### Report of the auditors to the members of Unilever N.V. and Unilever PLC

We have audited the accounts, which have been prepared under the historical cost convention, set out on page 66 to 112, 118 to 133 and 135 to 136. We have also audited the auditable part of the directors' remuneration report as set out on page 60.

### Respective responsibilities of directors and auditors

As described on pages 63 and 64, the directors are responsible for preparing the Annual Report & Accounts and Form 20-F. This includes responsibility for preparing the accounts in accordance with applicable accounting standards. Our responsibility is to audit the accounts in accordance with applicable law, auditing standards and listing rules in the Netherlands and United Kingdom.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with Title 9, Book 2 of the Civil Code in the Netherlands and the United Kingdom Companies Act 1985. We also report whether the auditable part of the directors' remuneration report is properly prepared in accordance with the applicable requirements in the Netherlands and the United Kingdom. We would also report to you if, in our opinion, the directors' report was not consistent with the accounts, if proper accounting records had not been kept, if we had not received all the information and explanations we require for our audit, or if information required regarding directors' remuneration and transactions were not disclosed.

We read the other information contained in the Annual Report & Accounts and Form 20-F and consider the implications for our audit report if we become aware of any material misstatements or inconsistencies with the accounts.

As auditors of Unilever PLC we review whether the statement on pages 44 and 45 reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the United Kingdom's Financial Services Authority and we report if it does not. We are not required to consider whether the directors' statements on internal control cover all risks and controls or to form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

### Basis of opinion

We conducted our audit in accordance with auditing standards generally accepted in the Netherlands, the United Kingdom and the United States. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts and the auditable part of the directors' remuneration report. It also includes an assessment of the most important estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts and the auditable part of the directors' remuneration report are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

### Netherlands and United Kingdom opinion

In our opinion, the accounts give a true and fair view of the state of affairs of the Unilever Group, Unilever N.V. and Unilever PLC at 31 December 2002 and of the profit, total recognised gains and cash flows of the Group for the year then ended. In our opinion the accounts of the Unilever Group, and of Unilever N.V. and Unilever PLC respectively, have been properly prepared in accordance with Title 9, Book 2 of the Civil Code in the Netherlands and the United Kingdom Companies Act 1985. In our opinion, the auditable part of the directors' remuneration report has been properly prepared in accordance with the applicable requirements in the Netherlands and the United Kingdom.

### United States opinion

In our opinion, the accounts present fairly, in all material respects, the financial position of the Unilever Group at 31 December 2002 and 2001, and the results of its operations, total recognised gains and its cash flows for each of the three years in the period ended 31 December 2002, in accordance with the accounting information and policies on pages 66 to 68.

The accounting principles applied vary in certain significant respects from accounting principles generally accepted in the United States. The effect of the major differences in the determination of net profit and capital and reserves is shown on pages 118 and 119.

As discussed in note 18 to the consolidated accounts, the Group changed its method of accounting for deferred taxes in 2002 in accordance with accounting principles generally accepted in the United Kingdom. The change has been accounted for by restating comparative information at 31 December 2001 and 2000, and for the years then ended.

PricewaterhouseCoopers Accountants N.V.  
Rotterdam, The Netherlands  
As auditors of Unilever N.V.

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London, England  
As auditors of Unilever PLC

4 March 2003

# 66 Accounting information and policies

## Unilever

The two parent companies, NV and PLC, together with their group companies, operate as nearly as is practicable as a single entity (the Unilever Group, also referred to as Unilever or the Group). NV and PLC have the same directors and are linked by a series of agreements, including an Equalisation Agreement, which are designed so that the position of the shareholders of both companies is as nearly as possible the same as if they held shares in a single company.

The Equalisation Agreement provides for both companies to adopt the same accounting principles and requires as a general rule the dividends and other rights and benefits (including rights on liquidation) attaching to each Fl. 12 (€5.445) nominal of ordinary share capital of NV to be equal in value at the relevant rate of exchange to the dividends and other rights and benefits attaching to each £1 nominal of ordinary share capital of PLC, as if each such unit of capital formed part of the ordinary capital of one and the same company. For additional information please refer to 'Control of Unilever' on page 138.

## Basis of consolidation

Because of the operational and contractual arrangements referred to above and the internal participating interests set out in note 21 on page 97, NV and PLC and their group companies constitute a single group under Netherlands and United Kingdom legislation for the purposes of presenting consolidated accounts. Accordingly, the accounts of the Unilever Group are presented by both NV and PLC as their respective consolidated accounts. These accounts are supplemented in notes 22 and 23 on page 98 and note 30 on page 112 by additional information for the NV and PLC parts of the Group in which group companies are consolidated according to respective ownership.

## Companies legislation

The consolidated accounts of the Unilever Group comply with Book 2 of the Civil Code in the Netherlands and the United Kingdom Companies Act 1985. The consolidated accounts of the Unilever Group also comply with accounting standards generally accepted in the United Kingdom, as allowed by Article 362.1 of Book 2 of the Civil Code in the Netherlands, unless such standards conflict with the Civil Code in the Netherlands which would in such case prevail. The company accounts, the notes to those accounts and the further statutory information given for each of NV and PLC comply with legislation in the Netherlands and the United Kingdom respectively. As explained under 'Group companies' below and on page 67, in order to give a true and fair view, the presentation of the consolidated capital and reserves differs from that specified by the United Kingdom Companies Act 1985.

## Accounting standards

The accounts are prepared under the historical cost convention and comply in all material respects with legislation in the Netherlands and with United Kingdom Accounting Standards.

The accounting policies of the Unilever Group are set out on pages 66 to 68. Our accounting policy for the treatment of exceptional items is given on page 77. Material variations

from United States generally accepted accounting principles are set out on pages 118 to 127.

United Kingdom Urgent Issues Task Force Abstracts 13 and 17 (UITFs 13 and 17) require that NV or PLC shares held by employee trusts to satisfy options should be classified by the sponsoring company as fixed assets, and, as explained in note 29 on page 111, that certain costs in relation to these shares be recognised in the profit and loss account. Netherlands law requires such shares and certain related costs to be accounted for within capital and reserves. In order to comply with Netherlands law and the Equalisation Agreement, the requirements of UITF 13 and certain aspects of UITF 17 have not been followed. All shares held internally are accounted for in accordance with Netherlands law. The effects of this departure are shown in note 23 on page 98 and note 29 on page 111.

United Kingdom Financial Reporting Standard 17 'Retirement Benefits' (FRS 17) mandates that certain disclosures relating to retirement benefits be made in financial statements for accounting periods ending on or after 22 June 2001. These disclosures are shown in note 17 on page 89. Unilever will adopt the full requirements of the standard, which will change the basis of accounting for retirement benefits, from 1 January 2003. This will have a significant impact on Unilever's reported results.

United Kingdom Financial Reporting Standard 19 (FRS 19) 'Deferred Tax' requires that full provision be made for most timing differences between the recognition of profits for accounting purposes and the recognition of profits for tax purposes. Prior to the implementation of the standard, Unilever used a form of full provisioning for such timing differences and therefore the standard has been adopted by the Group for the year ended 31 December 2002 with no material impact on reported net profit. The effect of the implementation of this standard on the balance sheet is shown in note 18 on page 94 and note 20 on page 96.

Recent changes in reporting requirements under US GAAP are discussed on page 122.

## OECD Guidelines

In preparing its Annual Review and Annual Report & Accounts and Form 20-F Unilever adheres to the disclosure recommendations of the OECD Guidelines for Multinational Enterprises.

## Group companies

Group companies are those companies in whose share capital NV or PLC holds an interest directly or indirectly, and whose consolidation is required for the accounts to give a true and fair view.

In order that the consolidated accounts should present a true and fair view, it is necessary to differ from the presentational requirements of the United Kingdom Companies Act 1985 by including amounts attributable to both NV and PLC shareholders in the capital and reserves shown in the balance sheet. The Companies Act would require presentation of the capital and reserves attributable

to NV and PLC shareholders as minority interests in the respective consolidated accounts of PLC and NV. This presentation would not give a true and fair view of the effect of the Equalisation Agreement, under which the position of all shareholders is as nearly as possible the same as if they held shares in a single company.

Net profit and result for the year retained are presented on a combined basis on page 69, with the net profit attributable to NV and PLC shareholders shown separately. Movements in profit retained are analysed between those attributable to NV and PLC shareholders in note 22 on page 98.

### Foreign currencies

Exchange differences arising in the accounts of individual companies are dealt with in their respective profit and loss accounts. Those arising on trading transactions are taken to operating profit; those arising on cash, current investments and borrowings are classified as interest.

In preparing the consolidated accounts, the profit and loss account, the cash flow statement and all other movements in assets and liabilities are translated at annual average rates of exchange. The balance sheet, other than the ordinary share capital of NV and PLC, is translated at year-end rates of exchange. In the case of hyper-inflationary economies, the accounts are adjusted to remove the influences of inflation before being translated.

The ordinary share capital of NV and PLC is translated at the rate contained in the Equalisation Agreement of £1 = Fl. 12 (equivalent to €5.445). The difference between this and the value derived by applying the year-end rate of exchange is taken to other reserves (see note 23 on page 98).

The effects of exchange rate changes during the year on net assets at the beginning of the year are recorded as a movement in profit retained, as is the difference between profit of the year retained at average rates of exchange and at year-end rates of exchange.

### Goodwill and intangible assets

No value is attributed to internally generated intangible assets. Goodwill (being the difference between the fair value of consideration paid for new interests in group companies, joint ventures and associated companies and the fair value of the Group's share of their net assets at the date of acquisition) and identifiable intangible assets purchased after 1 January 1998 are capitalised and amortised in the profit and loss account over the period of their expected useful life, up to a maximum of 20 years. Periods in excess of five years are used only where the directors are satisfied that the life of these assets will clearly exceed that period. Goodwill and intangible assets purchased prior to 1 January 1998 were written off in the year of acquisition as a movement in profits retained.

On disposal of a business acquired prior to 1 January 1998, purchased goodwill written off on acquisition is reinstated in arriving at the profit or loss on disposal.

The treatment of goodwill and intangibles under US GAAP is discussed on pages 118 to 120.

Goodwill and intangible assets are subject to review for impairment in accordance with United Kingdom Financial Reporting Standard (FRS) 11 'Impairment of Fixed Assets and Goodwill' and United States Statement of Financial Accounting Standards (SFAS) 142 'Goodwill and Other Intangible Assets'. Any impairment is charged to the profit and loss account as it arises.

### Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on a straight-line basis at percentages of cost based on the expected average useful lives of the assets. Estimated useful lives by major class of assets are as follows:

Freehold buildings (no depreciation on freehold land)	33-40 years
Leasehold land and buildings	*33-40 years
Plant and equipment	3-20 years
Motor vehicles	3-6 years
* or life of lease if less than 33 years	

Tangible fixed assets are subject to review for impairment in accordance with FRS 11 and United States SFAS 144 'Accounting for the Impairment or Disposal of Long-Lived Assets'. Any impairment is charged to the profit and loss account as it arises.

Current cost information is given in note 10 on page 81.

### Fixed investments

Joint ventures are undertakings in which the Group has a long-term participating interest and which are jointly controlled by the Group and one or more other parties. Associated companies are undertakings in which the Group has a participating interest and is able to exercise significant influence.

Interests in joint ventures and associated companies are stated in the consolidated balance sheet at the Group's share of their aggregate assets and liabilities.

Other fixed investments are stated at cost less any amounts written off to reflect a permanent impairment.

### Current assets

Stocks are valued at the lower of cost and estimated net realisable value. Cost is mainly average cost, and comprises direct costs and, where appropriate, a proportion of production overheads.

Debtors are stated after deducting adequate provision for doubtful debts.

Current investments are liquid funds temporarily invested and are stated at their realisable value. The difference between this and their original cost is taken to interest in the profit and loss account.

## 68 Accounting information and policies

### Retirement benefits

The expected costs of providing retirement pensions under defined benefit plans, as well as the costs of other post-retirement benefits, are charged to the profit and loss account over the periods benefiting from the employees' services. Variations from expected cost are normally spread over the average remaining service lives of current employees.

Contributions to defined contribution pension plans are charged to the profit and loss account as incurred.

Liabilities arising under defined benefit plans are either externally funded or provided for in the consolidated balance sheet. Any difference between the charge to the profit and loss account in respect of funded plans and the contributions payable to each plan is recorded in the balance sheet as a prepayment or provision.

### Deferred taxation

Full provision is made for deferred taxation on all significant timing differences arising from the recognition of items for taxation purposes in different periods from those in which they are included in the Group accounts. Full provision is made at the rates of tax prevailing at the year end unless future rates have been enacted or substantively enacted. Deferred tax assets and liabilities have not been discounted.

Provision is made for taxation which will become payable if retained profits of group companies and joint ventures are distributed to the parent companies only to the extent that we are committed to such distributions.

### Provisions

Provisions are recognised when either a legal or constructive obligation, as a result of a past event, exists at the balance sheet date and where the amount of the obligation can be reasonably estimated.

### Derivative financial instruments

The types of derivative financial instruments used by Unilever are described in note 15 on pages 85 and 86 and in the Financial review on pages 37 to 39. Hedge accounting, as described below, is applied.

Changes in the value of forward foreign exchange contracts are recognised in the results in the same period as changes in the values of the assets and liabilities they are intended to hedge. Interest payments and receipts arising from interest rate derivatives such as swaps and forward rate agreements are matched to those arising from underlying debt and investment positions.

Payments made or received in respect of the early termination of derivative financial instruments are spread over the original life of the instrument so long as the underlying exposure continues to exist.

### Research, development and market support costs

Expenditure on research and development and on market support costs such as advertising is charged against the profit of the year in which it is incurred.

### Group turnover and Turnover

Group turnover comprises sales of goods and services after deduction of discounts and sales taxes. It includes sales to joint ventures and associated companies but does not include sales by joint ventures and associated companies or sales between group companies. Turnover includes the Group share of the turnover of joint ventures, but does not include our share of the turnover of associates.

Revenue is recognised when the risks and rewards of the underlying products and services have been substantially transferred to the customer.

### Transfer pricing

The preferred method for determining transfer prices for own manufactured goods is to take the market price. Where there is no market price, the companies concerned follow established transfer pricing guidelines, where available, or else engage in arm's length negotiations.

Trademarks owned by the parent companies and used by operating companies are, where appropriate, licensed in return for royalties or a fee.

General services provided by central advisory departments, business groups, divisions and research laboratories are charged to operating companies on the basis of fees.

### Leases

Lease payments, which are principally in respect of operating leases, are charged to the profit and loss account on a straight-line basis over the lease term, or over the period between rent reviews where these exist.

### Shares held by employee share trusts

The assets and liabilities of certain PLC trusts, NV and group companies which purchase and hold NV and PLC shares to satisfy options granted are included in the Group accounts. The book value of shares held is deducted from capital and reserves, and trust borrowings are included in the Group's borrowings. The costs of the trusts are included in the results of the Group. These shares are excluded from the calculation of earnings per share.

# Consolidated profit and loss account 69

For the year ended 31 December

Unilever Group

	€ million 2002	€ million 2001	€ million 2000
<b>Turnover 1</b>	<b>48 760</b>	52 206	48 066
Less: Share of turnover of joint ventures 1	(490)	(692)	(484)
<b>Group turnover 1</b>	<b>48 270</b>	51 514	47 582
Cost of sales 2	(24 030)	(26 962)	(25 221)
<b>Gross profit</b>	<b>24 240</b>	24 552	22 361
Distribution, selling and administrative costs 2	(19 199)	(19 378)	(19 180)
<b>Group operating profit 1</b>	<b>5 041</b>	5 174	3 181
Group operating profit BEIA 1	7 165	7 149	5 729
Exceptional items	(879)	(588)	(2 113)
Amortisation of goodwill and intangibles 1	(1 245)	(1 387)	(435)
Add: Share of operating profit of joint ventures	84	84	57
<b>Operating profit 1</b>	<b>5 125</b>	5 258	3 238
Operating profit BEIA 1	7 260	7 269	5 794
Exceptional items 4	(874)	(588)	(2 113)
Amortisation of goodwill and intangibles	(1 261)	(1 423)	(443)
Share of operating profit of associates 1	34	–	–
Other income from fixed investments 11	(7)	12	(4)
Interest 5	(1 173)	(1 646)	(632)
<b>Profit on ordinary activities before taxation</b>	<b>3 979</b>	3 624	2 602
Taxation on profit on ordinary activities 6	(1 538)	(1 547)	(1 282)
<b>Profit on ordinary activities after taxation</b>	<b>2 441</b>	2 077	1 320
Minority interests	(312)	(239)	(215)
<b>Net profit</b>	<b>2 129</b>	1 838	1 105
Attributable to: NV 22	1 681	817	675
PLC 22	448	1 021	430
Dividends	(1 701)	(1 581)	(1 458)
Preference dividends	(42)	(51)	(44)
Dividends on ordinary capital 8	(1 659)	(1 530)	(1 414)
<b>Result for the year retained</b>	<b>428</b>	257	(353)
<b>Combined earnings per share 7</b>			
Euros per €0.51 of ordinary capital	2.14	1.82	1.07
Euro cents per 1.4p of ordinary capital	32.05	27.27	16.08
On a diluted basis the figures would be:			
Euros per €0.51 of ordinary capital	2.07	1.77	1.05
Euro cents per 1.4p of ordinary capital	31.10	26.54	15.69

All amounts are related to continuing operations as defined by United Kingdom Financial Reporting Standard 3.

References in the consolidated profit and loss account, consolidated statement of total recognised gains and losses, consolidated cash flow statement and consolidated balance sheet relate to notes on pages 72 to 112, which form an integral part of the consolidated financial statements.

Accounting policies of the Unilever Group are set out on pages 66 to 68.

Variations from United States generally accepted accounting principles and Regulation S-X are outlined on pages 118 to 127.

In accordance with Article 402 of Book 2 of the Civil Code in the Netherlands, the profit and loss account of the entity NV on page 132 mentions only the income from fixed investments after taxation and other income and expenses as separate items.

Amounts reported in 2000 for exceptional items within operating profit and for taxation on profit on ordinary activities have been restated to comply with the requirements of FRS 19. See note 18 on page 94.

# 70 Consolidated statement of total recognised gains and losses

For the year ended 31 December  
Unilever Group

	€ million 2002	€ million 2001	€ million 2000
Net profit	2 129	1 838	1 105
Unrealised gain on partial disposal of a group company 25	56	–	–
Currency retranslation	(1 582)	(1 065)	(247)
<b>Total recognised gains for the year</b>	<b>603</b>	<b>773</b>	<b>858</b>
Adjustment related to prior year restatement 18	(202)	–	–
<b>Total recognised gains since last annual accounts</b>	<b>401</b>	<b>773</b>	<b>858</b>

Amounts reported against currency retranslation in 2000 and 2001 have been restated to comply with the requirements of FRS 19. See note 18 on page 94.

## Consolidated cash flow statement

For the year ended 31 December  
Unilever Group

	€ million 2002	€ million 2001	€ million 2000
<b>Cash flow from group operating activities 26</b>	<b>7 883</b>	<b>7 497</b>	<b>6 738</b>
Dividends from joint ventures	83	82	38
Returns on investments and servicing of finance 27	(1 386)	(1 887)	(798)
Taxation	(1 817)	(2 205)	(1 734)
Capital expenditure and financial investment 27	(1 706)	(1 358)	(1 061)
Acquisitions and disposals 27	1 755	3 477	(27 373)
Dividends paid on ordinary share capital	(1 580)	(1 420)	(1 365)
<b>Cash flow before management of liquid resources and financing</b>	<b>3 232</b>	<b>4 186</b>	<b>(25 555)</b>
Management of liquid resources 27	(592)	1 106	2 464
Financing 27	(2 591)	(5 098)	22 902
<b>Increase/(decrease) in cash in the period</b>	<b>49</b>	<b>194</b>	<b>(189)</b>

### Reconciliation of cash flow to movement in net funds/(debt)

	€ million 2002	€ million 2001	€ million 2000
<b>Net funds/(debt) at 1 January 28</b>	<b>(23 199)</b>	<b>(26 468)</b>	<b>684</b>
<b>Increase/(decrease) in cash in the period</b>	<b>49</b>	<b>194</b>	<b>(189)</b>
Cash flow from (increase)/decrease in borrowings	2 600	5 095	(22 920)
Cash flow from increase/(decrease) in liquid resources	592	(1 106)	(2 464)
Change in net funds resulting from cash flows	3 241	4 183	(25 573)
Borrowings within group companies acquired	(77)	(1)	(3 113)
Borrowings within group companies sold	20	3	2
Liquid resources within group companies acquired	–	–	13
Liquid resources within group companies sold	(1)	–	–
Non-cash movements	1 467	(408)	455
Currency retranslation	1 583	(508)	1 064
<b>(Increase)/decrease in net debt in the period</b>	<b>6 233</b>	<b>3 269</b>	<b>(27 152)</b>
<b>Net funds/(debt) at 31 December 28</b>	<b>(16 966)</b>	<b>(23 199)</b>	<b>(26 468)</b>

# Consolidated balance sheet 71

As at 31 December

Unilever Group

	€ million 2002	€ million 2001
<b>Fixed assets</b>	<b>28 389</b>	35 088
Goodwill and intangible assets 9	20 274	24 964
Tangible fixed assets 10	7 436	9 240
Fixed investments 11	679	884
Interest in joint ventures 11	274	708
Interest in associates 11	1	–
Other fixed investments 11	404	176
<b>Current assets</b>		
Stocks 12	4 500	5 343
Debtors 13	8 231	10 034
Debtors due within one year 13	5 875	7 185
Debtors due after more than one year 13	2 356	2 849
Current investments 14	1 226	439
Cash at bank and in hand 14	2 252	1 862
<b>Total current assets</b>	<b>16 209</b>	17 678
<b>Creditors due within one year</b>	<b>(20 602)</b>	(23 212)
Borrowings 14	(9 511)	(11 279)
Trade and other creditors 16	(11 091)	(11 933)
<b>Net current assets</b>	<b>(4 393)</b>	(5 534)
<b>Total assets less current liabilities</b>	<b>23 996</b>	29 554
<b>Creditors due after more than one year</b>	<b>11 574</b>	15 026
Borrowings 14	10 933	14 221
Trade and other creditors 16	641	805
<b>Provisions for liabilities and charges</b>	<b>5 927</b>	6 871
Pensions and similar obligations 17	4 220	4 602
Deferred taxation 18	504	910
Restructuring and other provisions 19	1 188	1 359
Interest in associates 11	15	–
<b>Minority interests</b>	<b>628</b>	664
<b>Capital and reserves 20</b>	<b>5 867</b>	6 993
Attributable to: <b>NV:</b> Called up share capital 21	420	420
Share premium account	1 397	1 397
Other reserves 23	(1 498)	(1 077)
Profit retained 22	5 381	4 149
	<b>5 700</b>	4 889
<b>PLC:</b> Called up share capital 21	222	222
Share premium account	144	154
Other reserves 23	(595)	(540)
Profit retained 22	396	2 268
	<b>167</b>	2 104
<b>Total capital employed</b>	<b>23 996</b>	29 554

Capital and reserves include amounts relating to preference shares in NV which under United Kingdom Financial Reporting Standard 4 are classified as non-equity. Minority interests in group companies are substantially all equity interests.

The 2001 amounts for goodwill, debtors due after more than one year, provisions for deferred taxation and profit retained have been restated to comply with the requirements of FRS 19, see note 18 on page 94.

Commitments and contingent liabilities are shown in note 24 on page 99.

# 72 Notes to the consolidated accounts

Unilever Group

## 1 Segmental information

	€ million	€ million	€ million	€ million	€ million	€ million
Analysis by geographical area	Europe	North America	Africa, Middle East & Turkey	Asia & Pacific	Latin America	Total
<b>2002</b>						
<b>Group turnover</b> <sup>(a)</sup>	19 573	12 446	3 139	7 679	5 433	48 270
Share of turnover of joint ventures	84	122	86	186	12	490
<b>Turnover</b> <sup>(a)</sup>	19 657	12 568	3 225	7 865	5 445	48 760
<b>Group operating profit BEIA</b>	2 990	1 995	341	1 080	759	7 165
Exceptional items	(729)	(66)	(39)	14	(59)	(879)
Amortisation of goodwill and intangibles	(511)	(494)	(16)	(17)	(207)	(1 245)
<b>Group operating profit</b>	1 750	1 435	286	1 077	493	5 041
Share of operating profit of joint ventures	22	32	9	21	–	84
<b>Operating profit</b>	1 772	1 467	295	1 098	493	5 125
<b>Operating profit BEIA</b> <sup>(b) (f)</sup>	3 006	2 027	353	1 115	759	7 260
Share of operating profit of associates <sup>(c)</sup>	12	14	1	5	2	34
<b>Net operating assets</b> <sup>(d)</sup>	9 954	8 945	1 097	1 124	3 614	24 734
<b>2001</b>						
<b>Group turnover</b> <sup>(a)</sup>	20 119	13 767	3 191	7 846	6 591	51 514
Share of turnover of joint ventures	101	113	264	200	14	692
<b>Turnover</b> <sup>(a)</sup>	20 220	13 880	3 455	8 046	6 605	52 206
<b>Group operating profit BEIA</b>	2 946	1 941	346	1 045	871	7 149
Exceptional items	254	(285)	(139)	(157)	(261)	(588)
Amortisation of goodwill and intangibles	(511)	(564)	(4)	(26)	(282)	(1 387)
<b>Group operating profit</b>	2 689	1 092	203	862	328	5 174
Share of operating profit of joint ventures	21	32	12	18	1	84
<b>Operating profit</b>	2 710	1 124	215	880	329	5 258
<b>Operating profit BEIA</b> <sup>(b) (f)</sup>	2 967	1 973	380	1 077	872	7 269
<b>Net operating assets</b> <sup>(d)</sup>	11 243	12 091	1 082	1 525	6 256	32 197
<b>2000</b>						
<b>Group turnover</b> <sup>(a)</sup>	18 967	11 631	3 296	8 038	5 650	47 582
Share of turnover of joint ventures	108	77	216	53	30	484
<b>Turnover</b> <sup>(a)</sup>	19 075	11 708	3 512	8 091	5 680	48 066
<b>Group operating profit BEIA</b>	2 402	1 476	338	901	612	5 729
Exceptional items <sup>(d)</sup>	(566)	(1 249)	(16)	(109)	(173)	(2 113)
Amortisation of goodwill and intangibles	(143)	(179)	(1)	(16)	(96)	(435)
<b>Group operating profit</b> <sup>(d)</sup>	1 693	48	321	776	343	3 181
Share of operating profit of joint ventures	18	24	8	5	2	57
<b>Operating profit</b> <sup>(d)</sup>	1 711	72	329	781	345	3 238
<b>Operating profit BEIA</b> <sup>(b) (f)</sup>	2 420	1 500	351	909	614	5 794

Please refer to footnotes on page 76.

## 1 Segmental information continued

	€ million Savoury and dressings	€ million Spreads and cooking products	€ million Health & wellness and beverages	€ million Ice cream and frozen foods	€ million Home care & professional cleaning	€ million Personal care	€ million Other operations	€ million Total
<b>Analysis by operation</b> <sup>(e)</sup>								
<b>2002</b>								
<b>Group turnover</b>	9 272	6 145	4 064	7 456	8 565	12 236	532	48 270
Share of turnover of joint ventures	231	71	151	–	14	9	14	490
<b>Turnover</b>	9 503	6 216	4 215	7 456	8 579	12 245	546	48 760
<b>Group operating profit BEIA</b>	1 497	991	578	880	955	2 221	43	7 165
Exceptional items	(24)	(181)	(105)	(237)	(183)	(149)	–	(879)
Amortisation of goodwill and intangibles	(1 051)	(17)	(119)	(27)	(17)	(13)	(1)	(1 245)
<b>Group operating profit</b>	422	793	354	616	755	2 059	42	5 041
Share of operating profit of joint ventures	28	19	36	–	(1)	3	(1)	84
<b>Operating profit</b>	450	812	390	616	754	2 062	41	5 125
<b>Operating profit BEIA</b> <sup>(b) (f)</sup>	1 539	1 006	615	880	954	2 224	42	7 260
Share of operating profit of associates <sup>(c)</sup>	–	–	–	–	34	–	–	34
<b>Net operating assets</b> <sup>(d)</sup>	16 959	1 120	3 015	1 674	858	719	389	24 734
<b>2001</b>								
<b>Group turnover</b>	9 597	6 681	4 150	7 727	10 432	12 307	620	51 514
Share of turnover of joint ventures	402	90	149	–	35	3	13	692
<b>Turnover</b>	9 999	6 771	4 299	7 727	10 467	12 310	633	52 206
<b>Group operating profit BEIA</b>	1 628	1 066	531	797	885	2 217	25	7 149
Exceptional items	347	(260)	(128)	(322)	(201)	(49)	25	(588)
Amortisation of goodwill and intangibles	(1 182)	(9)	(136)	(29)	(18)	(11)	(2)	(1 387)
<b>Group operating profit</b>	793	797	267	446	666	2 157	48	5 174
Share of operating profit of joint ventures	21	20	41	–	1	2	(1)	84
<b>Operating profit</b>	814	817	308	446	667	2 159	47	5 258
<b>Operating profit BEIA</b> <sup>(b) (f)</sup>	1 685	1 086	572	797	886	2 219	24	7 269
<b>Net operating assets</b> <sup>(d)</sup>	22 788	651	3 025	2 496	1 540	1 312	385	32 197
<b>2000</b>								
<b>Group turnover</b>	5 950	6 670	3 430	7 848	10 258	12 567	859	47 582
Share of turnover of joint ventures	124	79	195	21	26	22	17	484
<b>Turnover</b>	6 074	6 749	3 625	7 869	10 284	12 589	876	48 066
<b>Group operating profit BEIA</b>	792	909	412	636	917	2 034	29	5 729
Exceptional items <sup>(d)</sup>	(170)	(22)	(18)	(394)	(323)	(1 190)	4	(2 113)
Amortisation of goodwill and intangibles	(326)	(64)	(3)	(17)	(16)	(7)	(2)	(435)
<b>Group operating profit</b> <sup>(d)</sup>	296	823	391	225	578	837	31	3 181
Share of operating profit of joint ventures	13	16	28	2	–	–	(2)	57
<b>Operating profit</b> <sup>(d)</sup>	309	839	419	227	578	837	29	3 238
<b>Operating profit BEIA</b> <sup>(b) (f)</sup>	813	925	440	638	917	2 034	27	5 794

Please refer to footnotes on page 76.

# 74 Notes to the consolidated accounts

Unilever Group

## 1 Segmental information continued

### Additional segmental information as required by US GAAP

Segmental information is provided in accordance with SFAS 131 on the basis of product categories. For management reporting purposes Unilever uses a number of measures of segment performance at constant average rates of exchange (that is, the same rates as in the preceding year). The internal management measure of profit which is most consistent with operating profit reported in the accounts is 'Trading Result'. This measure differs from operating profit, mainly because it excludes amortisation of goodwill and intangibles and certain exceptional items and includes depreciation on the basis of replacement cost. There are a number of additional adjustments, including the application of an inflation charge on working capital and certain other statistical items which are added back in order to arrive at operating profit. Tangible fixed assets are measured at depreciated replacement cost for management reporting purposes.

	€ million Savoury and dressings	€ million Spreads and cooking products	€ million Health & wellness and beverages	€ million Ice cream and frozen foods	€ million Home care & professional cleaning	€ million Personal care	€ million Other operations	€ million Total
<b>Analysis by operation</b> <sup>(e)</sup>								
<b>2002</b>								
<b>Group turnover</b>								
At constant 2001 exchange rates	9 887	6 401	4 308	7 646	9 422	13 264	571	51 499
Exchange rate adjustments	(615)	(256)	(244)	(190)	(857)	(1 028)	(39)	(3 229)
At current 2002 exchange rates	9 272	6 145	4 064	7 456	8 565	12 236	532	48 270
<b>Trading result at constant 2001 exchange rates:</b>								
Before exceptional items	1 602	1 021	641	943	979	2 322	16	7 524
Exceptional items	(160)	(174)	(106)	(226)	(193)	(166)	14	(1 011)
At constant 2001 exchange rates	1 442	847	535	717	786	2 156	30	6 513
Exchange rate adjustments	(80)	(13)	(31)	(13)	(61)	(180)	(3)	(381)
At current 2002 exchange rates	1 362	834	504	704	725	1 976	27	6 132
Amortisation of goodwill and intangibles								(1 245)
Other adjustments								154
<b>Group operating profit</b>								<b>5 041</b>
<b>2001</b>								
<b>Group turnover</b>								
At constant 2000 exchange rates	9 699	6 811	4 220	7 792	10 848	12 681	632	52 683
Exchange rate adjustments	(102)	(130)	(70)	(65)	(416)	(374)	(12)	(1 169)
At current 2001 exchange rates	9 597	6 681	4 150	7 727	10 432	12 307	620	51 514
<b>Trading result at constant 2000 exchange rates:</b>								
Before exceptional items	1 674	1 038	556	818	863	2 286	25	7 260
Exceptional items	348	(265)	(128)	(329)	(203)	(31)	36	(572)
At constant 2000 exchange rates	2 022	773	428	489	660	2 255	61	6 688
Exchange rate adjustments	(5)	(2)	(1)	5	(30)	(74)	(2)	(109)
At current 2001 exchange rates	2 017	771	427	494	630	2 181	59	6 579
Amortisation of goodwill and intangibles								(1 387)
Other adjustments								(18)
<b>Group operating profit</b>								<b>5 174</b>
<b>2000</b>								
<b>Group turnover</b>								
At constant 1999 exchange rates	5 512	6 160	3 184	7 398	9 439	11 321	779	43 793
Exchange rate adjustments	438	510	246	450	819	1 246	80	3 789
At current 2000 exchange rates	5 950	6 670	3 430	7 848	10 258	12 567	859	47 582
<b>Trading result at constant 1999 exchange rates:</b>								
Before exceptional items	755	829	390	666	825	1 845	24	5 334
Exceptional items <sup>(d)</sup>	(166)	1	(19)	(385)	(306)	(1 058)	3	(1 930)
At constant 1999 exchange rates <sup>(d)</sup>	589	830	371	281	519	787	27	3 404
Exchange rate adjustments	56	45	30	19	34	45	(1)	228
At current 2000 exchange rates <sup>(d)</sup>	645	875	401	300	553	832	26	3 632
Amortisation of goodwill and intangibles								(435)
Other adjustments								(16)
<b>Group operating profit</b> <sup>(d)</sup>								<b>3 181</b>

Please refer to footnotes on page 76.

## 1 Segmental information continued

	€ million Savoury and dressings	€ million Spreads and cooking products	€ million Health & wellness and beverages	€ million Ice cream and frozen foods	€ million Home care & professional cleaning	€ million Personal care	€ million Other operations	€ million Total
<b>Analysis by operation</b> <sup>(e)</sup>								
<b>Depreciation and amortisation</b>								
<b>2002</b>								
At constant 2001 exchange rates	1 395	213	238	325	476	271	87	3 005
Exchange rate adjustments	(104)	(9)	(18)	(10)	(39)	(19)	(4)	(203)
At current 2002 exchange rates	1 291	204	220	315	437	252	83	2 802
Other adjustments								(220)
								2 582
<b>2001</b>								
At constant 2000 exchange rates	1 500	276	227	376	391	292	86	3 148
Exchange rate adjustments	(30)	(24)	(5)	21	(11)	(5)	(1)	(55)
At current 2001 exchange rates	1 470	252	222	397	380	287	85	3 093
Other adjustments								(248)
								2 845
<b>2000</b>								
At constant 1999 exchange rates	423	297	71	399	433	364	75	2 062
Exchange rate adjustments	60	12	6	22	26	26	4	156
At current 2000 exchange rates	483	309	77	421	459	390	79	2 218
Other adjustments								(264)
								1 954
<b>Capital expenditure</b>								
<b>2002</b>								
At constant 2001 exchange rates	216	171	178	280	231	274	30	1 380
Exchange rate adjustments	(14)	(5)	(11)	(10)	(16)	(23)	(3)	(82)
At current 2002 exchange rates	202	166	167	270	215	251	27	1 298
<b>2001</b>								
At constant 2000 exchange rates	245	157	108	313	374	327	28	1 552
Exchange rate adjustments	29	(13)	(8)	(21)	(14)	(9)	(3)	(39)
At current 2001 exchange rates	274	144	100	292	360	318	25	1 513
<b>2000</b>								
At constant 1999 exchange rates	119	142	62	335	345	220	30	1 253
Exchange rate adjustments	11	8	6	21	29	25	3	103
At current 2000 exchange rates	130	150	68	356	374	245	33	1 356
<b>Total assets</b>								
<b>2002</b>								
Total assets by operation	19 717	3 610	4 095	3 851	3 581	4 066	2 662	41 582
Corporate								3 778
Other adjustments								(762)
								44 598
<b>2001</b> <sup>(d)</sup>								
Total assets by operation	27 326	2 844	3 811	5 004	4 716	5 328	1 918	50 947
Corporate								2 672
Other adjustments								(853)
								52 766

Please refer to footnotes on page 76.

# 76 Notes to the consolidated accounts

Unilever Group

## 1 Segmental information continued

	€ million United Kingdom & Netherlands	€ million United States	€ million Other	€ million Total
<b>Additional geographic analysis</b>				
<b>Group turnover <sup>(a)</sup></b>				
<b>2002</b>				
At constant 2001 exchange rates	5 444	11 992	34 063	51 499
Exchange rate adjustments	(38)	(571)	(2 620)	(3 229)
At current 2002 exchange rates	5 406	11 421	31 443	48 270
<b>2001</b>				
At constant 2000 exchange rates	5 794	12 278	34 611	52 683
Exchange rate adjustments	(89)	348	(1 428)	(1 169)
At current 2001 exchange rates	5 705	12 626	33 183	51 514
<b>2000</b>				
At constant 1999 exchange rates	5 077	9 153	29 563	43 793
Exchange rate adjustments	300	1 466	2 023	3 789
At current 2000 exchange rates	5 377	10 619	31 586	47 582
<b>Tangible fixed assets</b>				
<b>2002</b>	<b>979</b>	<b>1 564</b>	<b>4 893</b>	<b>7 436</b>
<b>2001</b>	1 634	2 131	5 475	9 240

Footnotes to note 1:

- (a) The analysis of turnover by geographical area is stated on the basis of origin. Turnover on a destination basis would not be materially different. Inter-segment sales between operational segments and between geographical areas are not material. For the United Kingdom and the Netherlands, the combined Group operating profit was €578 million (2001: €1 226 million; 2000: €716 million).
- (b) In 2002 the Group's share of amortisation of goodwill and intangibles in joint ventures was €(16) million (2001: €(36) million; 2000: €(8) million), of which €(3) million (2001: €(22) million; 2000: €(5) million) arose in Africa, Middle East and Turkey and €(13) million (2001: €(14) million; 2000: €(3) million) arose in Asia and Pacific. Of the total amortisation €(13) million (2001: €(36) million; 2000: €(8) million) arose in the savoury and dressings segment, €(2) million arose in the spreads and cooking products segment and €(1) million arose in the health & wellness and beverages segment. These amounts are taken into account in the calculation of operating profit BEIA.
- (c) Nil in 2001 and 2000.
- (d) The 2001 amounts for goodwill within net operating assets and amounts reported in 2000 for exceptional items within operating profit have been restated to comply with the requirements of FRS 19. See note 18 on page 94. For the definition of net operating assets see page 115.
- (e) Analysis for Foods operations has been reclassified over new categories, as noted on page 24.
- (f) In 2002 the Group's share of exceptional items in joint ventures was €5 million (2001: €nil; 2000: €nil), of which €6 million arose in Europe and €(1) million arose in Asia and Pacific. Of the total exceptional items €(1) million arose in the savoury and dressings segment and €6 million arose in the spreads and cooking products segment. These amounts are taken into account in the calculation of operating profit BEIA.

## 2 Operating costs

	€ million 2002	€ million 2001	€ million 2000
Cost of sales	(24 030)	(26 962)	(25 221)
Distribution and selling costs	(12 175)	(12 543)	(12 045)
Administrative expenses <sup>(a)</sup>	(7 024)	(6 835)	(7 135)
Operating costs	(43 229)	(46 340)	(44 401)

(a) Includes amortisation of goodwill and intangibles.

	€ million 2002	€ million 2001	€ million 2000
Operating costs include:			
Staff costs 3	(7 008)	(7 131)	(6 905)
Raw materials and packaging	(18 086)	(19 924)	(18 085)
Amortisation of goodwill and intangibles <sup>(b)</sup>	(1 245)	(1 387)	(435)
Depreciation of tangible fixed assets <sup>(c)</sup>	(1 337)	(1 458)	(1 519)
Advertising and promotions	(6 839)	(6 648)	(6 545)
Research and development	(1 166)	(1 178)	(1 187)
Remuneration of auditors:			
Audit fees	(15)	(16)	(14)
Audit related services <sup>(d)</sup>	(13)	(11)	(10)
Other payments to PricewaterhouseCoopers for non-audit services:			
Tax <sup>(d)</sup>	(6)	(5)	(4)
General consulting <sup>(d)</sup>	(16)	(60)	(42)
Lease rentals:			
Minimum lease payments	(503)	(548)	(563)
Contingent lease payments	(15)	(28)	(8)
	(518)	(576)	(571)
Less: Sub-lease income	8	10	12
	(510)	(566)	(559)
of which:			
Plant and machinery	(141)	(147)	(148)
Other	(369)	(419)	(411)

(b) Includes exceptional amount of €(22) million in 2002 and €(8) million in 2001.

(c) Includes exceptional amount of €(256) million in 2002 and €(263) million in 2001.

(d) Details of our policy on the non-audit work we allow our auditors to perform are given within the Corporate governance section on page 45.

## 3 Staff costs and employees

	€ million 2002	€ million 2001	€ million 2000
Staff costs:			
Remuneration of employees	(5 834)	(6 021)	(5 828)
Emoluments of directors as managers	(17)	(18)	(13)
Pensions and other post-retirement benefits 17	(416)	(326)	(305)
Social security costs	(741)	(766)	(759)
Total staff costs	(7 008)	(7 131)	(6 905)

Details of the remuneration of directors and Advisory Directors which form part of these accounts are given in the auditable part of the Remuneration report on pages 49 to 60.

The average number of employees during the year was:

	'000 2002	'000 2001	'000 2000
Europe	65	75	74
North America	22	30	27
Africa, Middle East and Turkey	52	49	48
Asia and Pacific	84	84	79
Latin America	35	41	33
Total	258	279	261

## 4 Exceptional items

	€ million 2002	€ million 2001	€ million 2000
Included in operating profit			
Restructuring	(1 215)	(1 515)	(1 150)
Other, principally business disposals <sup>(a)</sup>	341	927	(963)
Total	(874)	(588)	(2 113)

(a) Restated for FRS 19, see note 18 on page 94.

These amounts are mainly included in administrative expenses.

Exceptional items are those items within ordinary activities which, because of their size or nature, are disclosed to give a proper understanding of the underlying result for the period. These include restructuring charges in connection with reorganising businesses (comprising impairment of fixed assets, costs of severance, and other costs directly attributable to the restructuring), and profits and losses on disposal of businesses. United Kingdom FRS 3 would require profits and losses on disposal of most businesses to be excluded from operating profit. However, because the business disposals above and the restructuring costs are part of a series of linked initiatives, separate presentation would not give a true and fair view and therefore we have included all exceptional items arising from these initiatives on a single line in operating profit. Costs associated with restructuring, such as training and information technology development costs, are recognised as they arise and are not treated as exceptional.

The exceptional items in 2002, 2001 and 2000 principally relate to a series of linked initiatives (the 'Path to Growth'), announced on 22 February 2000 to align the organisation behind plans for accelerating growth and expanding margins and to restructuring arising from the integration of Bestfoods.

# 78 Notes to the consolidated accounts

Unilever Group

## 4 Exceptional items continued

The total net cost of these programmes is estimated to be €6.2 billion over five years, most of which is expected to be exceptional restructuring costs. Provisions for these costs and asset write downs are being recognised as necessary consultations are completed and plans finalised.

In 2002, €1.3 billion of net costs have been incurred under Path to Growth programmes of which a net €1.1 billion is exceptional. To date, which is three years into the five year programme, the total cost incurred is €5.2 billion of which €4.5 billion is exceptional.

Other exceptional items include the release of provisions (€98 million) against environmental exposures when events showed that the provisions were no longer required. These provisions were originally recorded on the acquisition of the Bestfoods business.

In 2001 exceptional items included €1.4 billion of Path to Growth net costs and €811 million gain on the sale of brands to secure regulatory approval for the acquisition of Bestfoods.

In 2000 other exceptional items included a profit of €143 million on the disposal of the European bakery business and a loss of €980 million on the agreed disposal of Elizabeth Arden. The latter amount has been restated as a result of the implementation of FRS 19; there was no impact on net profit arising from this restatement. See note 18 on page 94.

## 5 Interest

	€ million 2002	€ million 2001	€ million 2000
Total interest payable and similar charges	(1 446)	(1 914)	(1 008)
Group interest payable and similar charges:			
Bank loans and overdrafts	(186)	(451)	(221)
Bonds and other loans	(1 228)	(1 463)	(787)
Share of interest payable of joint ventures	(5)	–	–
Share of interest payable of associates	(27)	–	–
Group interest receivable and similar income	247	210	374
Exchange differences	26	(3)	12
	(1 173)	(1 707)	(622)
Less: interest capitalised on businesses held for resale	–	61	27
Add: exceptional interest	–	–	(37)
Total	(1 173)	(1 646)	(632)

Exceptional interest in 2000 principally comprised fees paid on the unused financing facility put in place prior to the acquisition of Bestfoods.

## 6 Taxation on profit on ordinary activities

	€ million 2002	€ million 2001	€ million 2000
Parent and group companies <sup>(a)(b)</sup>	(1 515)	(1 522)	(1 271)
Joint ventures	(19)	(25)	(11)
Associates	(4)	–	–
Total	(1 538)	(1 547)	(1 282)
Of which:			
Adjustments to previous years			
United Kingdom taxes	11	(3)	(5)
Other taxes	245	61	36
(a) United Kingdom Corporation Tax at 30.0% less: double tax relief	(173) 66	(381) 140	(451) 334
United Kingdom taxes plus: non-United Kingdom taxes	(107) (1 408)	(241) (1 281)	(117) (1 154)
	(1 515)	(1 522)	(1 271)
(b) Of which, tax on exceptional items amounted to	241	232	404
Deferred taxation has been included on a full provision basis for:			
Accelerated depreciation	50	87	119
Other	242	(207)	153
	292	(120)	272

Where appropriate, amounts have been restated for FRS 19, see note 18 on page 94.

Europe is Unilever's domestic tax base. The reconciliation between the computed rate of income tax expense which is generally applicable to Unilever's European companies and the actual rate of taxation charged, expressed in percentages of the profit of ordinary activities before taxation is as follows:

	% 2002	% 2001	% 2000
Computed rate of tax (see below)	33	33	32
Differences due to:			
Other rates applicable to non-European countries	3	(1)	2
Incentive tax credits	(3)	(3)	(2)
Withholding tax on dividends	1	3	3
Adjustments to previous years	(6)	(2)	(2)
Non-deductible goodwill impairment	–	–	10
Non-deductible goodwill amortisation	9	12	4
Other	2	1	2
Actual rate of tax (current and deferred)	39	43	49
Actual rate of deferred tax for:			
Accelerated depreciation	1	2	5
Other	6	(6)	6
Actual rate of current tax	46	39	60

In the above reconciliation, the computed rate of tax is the average of the standard rate of tax applicable in the European countries in which Unilever operates, weighted by the amount of profit on ordinary activities before taxation generated in each of those countries.

**6 Taxation on profit on ordinary activities** continued

The total charge in future periods will be affected by any changes to the corporate tax rates in force in the countries in which the Group operates. The current tax charges will also be affected by changes in the excess of tax depreciation over book depreciation and the use of tax credits.

Analyses of European and non-European profit on ordinary activities before taxation, and of the actual taxation charge thereon, are as follows:

	€ million 2002	€ million 2001	€ million 2000
Profit on ordinary activities before taxation			
Europe:			
Parent and group companies	2 062	2 429	1 792
Joint ventures	19	21	14
Associates	12	–	–
	<b>2 093</b>	2 450	1 806
Outside Europe:			
Group companies	1 831	1 111	754
Joint ventures	60	63	42
Associates	(5)	–	–
	<b>1 886</b>	1 174	796
Total	<b>3 979</b>	3 624	2 602

	€ million 2002	€ million 2001	€ million 2000
Taxation on profit on ordinary activities			
Europe:			
Parent and group companies			
Taxes payable	(723)	(760)	(942)
Deferred taxation	95	(114)	293
of which:			
Accelerated depreciation	113	62	116
Other	(18)	(176)	177
Joint ventures	(6)	(6)	(5)
Associates	(5)	–	–
	<b>(639)</b>	(880)	(654)
Outside Europe:			
Group companies			
Taxes payable	(1 084)	(642)	(722)
Deferred taxation	197	(6)	100
of which:			
Accelerated depreciation	(63)	25	3
Other	260	(31)	97
Joint ventures	(13)	(19)	(6)
Associates	1	–	–
	<b>(899)</b>	(667)	(628)
Total	<b>(1 538)</b>	(1 547)	(1 282)

**7 Combined earnings per share**

	€ 2002	€ 2001	€ 2000
Per €0.51 share of NV ordinary capital:			
Basic earnings per share	2.14	1.82	1.07
Basic earnings per share before exceptional items and amortisation of goodwill and intangibles	4.06	3.55	3.21
Diluted earnings per share	2.07	1.77	1.05

	€ cents 2002	€ cents 2001	€ cents 2000
--	-----------------	-----------------	-----------------

Per 1.4p share of PLC ordinary capital:			
Basic earnings per share	32.05	27.27	16.08
Basic earnings per share before exceptional items and amortisation of goodwill and intangibles	60.86	53.29	48.20
Diluted earnings per share	31.10	26.54	15.69

**Basis of calculation:**

The calculations of combined earnings per share are based on the net profit attributable to ordinary capital divided by the average number of share units representing the combined ordinary capital of NV and PLC in issue during the year, after deducting shares held to meet Unilever employee share options which are not yet exercised. For the calculation of combined ordinary capital the exchange rate of £1 = Fl. 12 = €5.445 has been used, in accordance with the Equalisation Agreement.

Earnings per share before exceptional items and amortisation of goodwill and intangibles is provided because the directors believe it better explains the ongoing trends in the Group's performance during the duration of the Path to Growth programme.

The calculations of diluted earnings per share are based on (a) conversion into PLC ordinary shares of the shares in a group company which are convertible in the year 2038 as described in 'Control of Unilever' on page 141, and (b) the exercise of share options, details of which are set out in note 29 on pages 103 to 111.

**Calculation of average number of share units:**

	Millions of €0.51 share units		
	2002	2001	2000
Average ordinary capital: NV	571.6	571.6	571.6
PLC	436.7	436.7	436.7
less: shares held by employee share trusts and companies	(31.6)	(25.5)	(19.1)
Combined average number of share units for all bases except diluted earnings per share	976.7	982.8	989.2
add: shares issuable in 2038	23.6	23.6	23.6
add: shares under option	35.3	23.5	17.2
less: shares issuable at fair value	(29.0)	(19.9)	(15.7)
Adjusted combined average number of share units for diluted earnings per share basis	1 006.6	1 010.0	1 014.3

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## 7 Combined earnings per share continued

	Millions of 1.4p share units		
	2002	2001	2000
Average ordinary capital: NV	3 810.5	3 810.5	3 810.5
PLC	2 911.5	2 911.5	2 911.5
less: shares held by employee share trusts and companies	(210.4)	(169.7)	(127.2)
Combined average number of share units for all bases except diluted earnings per share	6 511.6	6 552.3	6 594.8
add: shares issuable in 2038	157.5	157.5	157.5
add: shares under option	235.3	156.3	114.6
less: shares issuable at fair value	(193.6)	(132.7)	(105.1)
Adjusted combined average number of share units for diluted earnings per share basis	6 710.8	6 733.4	6 761.8

### Calculation of earnings:

	€ million 2002	€ million 2001	€ million 2000
Net profit	2 129	1 838	1 105
less: preference dividends	(42)	(51)	(44)
Net profit attributed to ordinary capital for basic and diluted earnings per share calculations	2 087	1 787	1 061
add: exceptional items net of tax	661	334	1 709
add: amortisation of goodwill and intangibles net of tax	1 216	1 371	409
Net profit attributed to ordinary capital before exceptional items and amortisation	3 964	3 492	3 179

## 8 Dividends on ordinary capital

	€ million 2002	€ million 2001	€ million 2000
Dividends on ordinary capital			
Interim	(537)	(491)	(475)
Final	(1 122)	(1 039)	(939)
Total	(1 659)	(1 530)	(1 414)

	€ 2002	€ 2001	€ 2000
Dividends per €0.51 share of NV ordinary capital			
Interim	0.55	0.50	0.48
Final	1.15	1.06	0.95
Total	1.70	1.56	1.43

	Pence 2002	Pence 2001	Pence 2000
Dividends per 1.4p share of PLC ordinary capital			
Interim	5.21	4.65	4.40
Final	10.83	9.89	8.67
Total	16.04	14.54	13.07

Full details of dividends for the years 1998 to 2002 are given on page 147.

## 9 Goodwill and intangible assets

No value is attributed to internally generated intangible assets. Goodwill and identifiable intangible assets purchased after 1 January 1998 are capitalised and amortised in operating profit over the period of their expected useful life, up to a maximum of 20 years. Goodwill and intangible assets purchased prior to 1 January 1998 were written off in the year of acquisition as a movement in profits retained.

Goodwill and intangible assets are subject to review for impairment in accordance with United Kingdom FRS 11 'Impairment of Fixed Assets and Goodwill' and United States SFAS 142. Any impairment is charged to the profit and loss account as it arises.

Intangible assets principally consist of trademarks.

	€ million 2002	€ million 2001
At cost less amortisation		
Goodwill <sup>(a)</sup>	15 328	18 715
Intangible assets	4 946	6 249
	20 274	24 964

### Movements during 2002

	€ million Goodwill <sup>(a)</sup>	€ million Intangible assets
<b>Cost</b>		
1 January	20 093	6 702
Additions/reductions	-	18
Acquisitions/disposals	282	(227)
Currency retranslation	(3 030)	(890)
31 December	17 345	5 603
<b>Amortisation</b>		
1 January	(1 378)	(453)
Disposals	11	19
Charged to profit and loss account <sup>(b)</sup>	(932)	(313)
Currency retranslation	282	90
31 December	(2 017)	(657)
<b>Net book value 31 December</b>	<b>15 328</b>	<b>4 946</b>

(a) Restated for FRS 19, see note 18 on page 94.

(b) Including exceptional write down arising on restructuring of €22 million.

**10 Tangible fixed assets**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on a straight-line basis at percentages of cost based on the expected average useful lives of the assets. Estimated useful lives by major class of assets are as follows:

Freehold buildings (no depreciation on freehold land)	33-40 years
Leasehold land and buildings	*33-40 years
Plant and equipment	3-20 years
Motor vehicles	3-6 years
*or life of lease if less than 33 years	

Tangible fixed assets are subject to review for impairment in accordance with United Kingdom FRS 11 and United States SFAS 144. Any impairment in the value of such fixed assets is charged to the profit and loss account as it arises.

	€ million 2002	€ million 2001
At cost less depreciation:		
Land and buildings <sup>(a)</sup>	2 622	3 106
Plant and machinery	4 814	6 134
<b>Total</b>	<b>7 436</b>	<b>9 240</b>
(a) includes: freehold land	282	383
leasehold land (mainly long-term leases)	63	84
Approximate current replacement cost of tangible fixed assets net of accumulated current cost depreciation	8 535	10 529
On a current replacement cost basis the depreciation charge to the profit and loss account would have been increased by	(220)	(248)
Commitments for capital expenditure at 31 December	244	298

Movements during 2002

	€ million Land and buildings	€ million Plant and machinery
<b>Gross</b>		
1 January	4 570	13 597
Currency retranslation	(556)	(1 501)
Capital expenditure	182	1 116
Disposals	(255)	(918)
Acquisitions/disposals of group companies	(176)	(761)
Other adjustments	85	(85)
<b>31 December</b>	<b>3 850</b>	<b>11 448</b>
<b>Depreciation</b>		
1 January	(1 464)	(7 463)
Currency retranslation	184	855
Disposals	136	696
Acquisitions/disposals of group companies	81	450
Charged to profit and loss account <sup>(b)</sup>	(124)	(1 213)
Other adjustments	(41)	41
<b>31 December</b>	<b>(1 228)</b>	<b>(6 634)</b>
<b>Net book value 31 December</b>	<b>2 622</b>	<b>4 814</b>
Includes payments on account and assets in course of construction	64	495

(b) Including a charge of €300 million in respect of certain fixed assets written down to net realisable value in connection with restructuring projects, €256 million of which was exceptional.

**11 Fixed investments**

Joint ventures are undertakings in which the Group has a long-term participating interest and which are jointly controlled by the Group and one or more other parties. Associated companies are undertakings in which the Group has a participating interest and is able to exercise significant influence.

Interests in joint ventures and associated companies are stated in the consolidated balance sheet at the Group's share of their aggregate assets and liabilities.

Other fixed investments are stated at cost less any amounts written off to reflect a permanent impairment.

	€ million 2002	€ million 2001
Share of gross assets of joint ventures	370	855
Share of gross liabilities of joint ventures	(96)	(147)
Interest in net assets of joint ventures	274	708
Interest in net assets of associates	1	–
<b>Total joint ventures and associates</b>	<b>275</b>	<b>708</b>
Other fixed investments	404	176
<b>Total fixed investments</b>	<b>679</b>	<b>884</b>

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## 11 Fixed investments continued

The following tables show the movements during the year in connection with joint ventures, associates and other fixed investments:

Joint ventures – movements during 2002	€ million Goodwill	€ million Other
1 January	513	195
Acquisitions/disposals	(225)	(100)
Amortisation	(16)	–
Currency retranslation	(61)	(19)
Additions/reductions	–	(8)
Share of profit retained	–	(5)
31 December	211	63

Associates – movements during 2002	€ million Goodwill	€ million Other
1 January	–	–
Acquisitions/disposals	178	(195)
Amortisation	(6)	–
Currency retranslation	(18)	20
Additions/reductions	–	1
Share of profit retained	–	6
	154	(168)
Of which: Net liabilities of JohnsonDiversey reclassified to provisions for liabilities and charges (€15 million net)	(154)	169
31 December	–	1

Associated companies primarily comprise our investments in JohnsonDiversey Holdings Inc. and Langholm Capital. Other Unilever Ventures investments are included under Other fixed investments below. For further details of these investments see page 10.

Other fixed investments – movements during 2002	€ million
1 January	176
Acquisitions/disposals	215
Currency retranslation	(51)
Additions/reductions	64
31 December	404

Analysis of listed and unlisted investments	€ million 2002	€ million 2001
Investments listed on a recognised stock exchange	19	21
Unlisted investments	660	863
Total fixed investments	679	884
Market value of listed investments	19	21

Unlisted investments include the Senior Discount Note issued by JohnsonDiversey as part consideration for the purchase of the DiverseyLever business.

Sales agency fees payable to JohnsonDiversey are approximately €85 million per annum; interest receivable of €17 million was accrued during 2002.

€ million 2002    € million 2001    € million 2000

Other income from fixed investments	€ million 2002	€ million 2001	€ million 2000
Income from other fixed investments	8	2	2
Profit/(loss) on disposal	(15)	10	(6)
	(7)	12	(4)

The following related party balances existed with associates at 31 December:

	€ million 2002	€ million 2001
Trading balances receivable	38	–
Financing balances receivable	247	–

## 12 Stocks

	€ million 2002	€ million 2001
Raw materials and consumables	1 720	2 105
Finished goods and goods for resale	2 780	3 238
Total stocks	4 500	5 343

## 13 Debtors

	€ million 2002	€ million 2001
Due within one year:		
Trade debtors	4 112	5 344
Prepayments and accrued income	573	548
Other debtors	1 190	1 293
	5 875	7 185
Due after more than one year:		
Prepayments to funded pension schemes 17	840	917
Deferred taxation <sup>(a)</sup> 18	1 292	1 610
Other debtors	224	322
	2 356	2 849
Total debtors	8 231	10 034

(a) Restated for FRS 19, see note 18 on page 94.

The following information is required by schedule 210.12-09 under Regulation S-X of the United States Securities and Exchange Commission:

	€ million 2002	€ million 2001	€ million 2000
<b>Provision for doubtful debtors</b>			
Movements during the year:			
1 January	328	307	279
Charged to profit and loss account	155	96	84
Charged to other accounts <sup>(a)</sup>	(24)	13	54
Deductions	(165)	(88)	(110)
31 December	294	328	307

(a) Includes currency retranslation of opening balances.

## 14 Net funds/(debt)

	€ million 2002	€ million 2001
<b>Current investments</b>		
Listed	62	43
Unlisted	1 164	396
	<b>1 226</b>	439
<b>Cash at bank and in hand</b>		
On call and in hand	1 602	1 576
Repayment notice required	650	286
	<b>2 252</b>	1 862
<b>Borrowings</b>		
Bank loans and overdrafts	(1 844)	(2 893)
Bonds and other loans	(18 600)	(22 607)
	<b>(20 444)</b>	(25 500)
<b>Total net funds/(debt)</b>	<b>(16 966)</b>	(23 199)

Current investments include short-term deposits, government securities and A- or higher rated money and capital market instruments.

	€ million 2002	€ million 2001
<b>Borrowings – additional details</b>		
The repayments fall due as follows:		
Within one year:		
Bank loans and overdrafts	1 514	2 719
Bonds and other loans	7 997	8 560
Total due within one year	<b>9 511</b>	11 279
After one year but within two years	1 734	5 090
After two years but within three years	2 047	1 736
After three years but within four years	1 807	2 257
After four years but within five years	1 807	1 917
After five years: By instalments	–	–
Not by instalments	3 538	3 221
Total due after more than one year	<b>10 933</b>	14 221
Total amount repayable by instalments any of which are payable after five years	<b>2</b>	–
Secured borrowings – mainly bank loans and overdrafts	<b>44</b>	24
Of which secured against tangible fixed assets	<b>6</b>	15

The tables set out below and on page 84 take into account the various interest rate swaps and forward foreign currency contracts entered into by the Group, details of which are set out in note 15 on pages 85 and 86. Details of specific bonds and other loans are also given below.

	€ million 2002	€ million 2001
<b>NV</b>		
Floating rate notes 2002 (US \$)	–	2 541
Floating rate notes 2003 (€)	1 000	999
Floating rate notes 2003 (US \$)	477	564
Floating rate notes 2003 (Japanese Yen)	402	430
4.750% Bonds 2004 (€)	998	997
7.250% Bonds 2004 (US \$)	238	282
6.500% Bonds 2004 (€)	159	159
7.125% Bonds 2004 (€)	228	228
6.625% Notes 2005 (US \$)	191	226
3.375% Bonds 2005 (Swiss Francs)	343	337
5.125% Bonds 2006 (€)	998	997
5.125% Notes 2006 (US \$)	474	561
4.250% Bonds 2007 (€)	996	–
5.000% Bonds 2007 (US \$)	617	–
Commercial paper (€)	962	797
Commercial paper (£)	234	1 007
Commercial paper (US \$)	595	1 055
Commercial paper (Swiss Francs)	93	168
Other	788	433
Total NV	<b>9 793</b>	11 781
<b>PLC</b>		
Eonia indexed note 2002 (€)	–	500
Floating rate notes 2002 (€)	–	1 000
Floating rate notes 2002 (£)	–	213
5.375% Notes 2003 (€)	1 250	1 249
Commercial paper (€)	59	–
Commercial paper (£)	98	–
Other <sup>(a)</sup>	–	(6)
Total PLC	<b>1 407</b>	2 956
<b>Other group companies:</b>		
United States:		
6.750% Notes 2003 (US \$)	1 429	1 694
6.875% Notes 2003 (US \$)	95	113
6.875% Notes 2005 (US \$)	1 427	1 694
6.150% Bonds 2006 (US \$)	277	325
7.125% Bonds 2010 (US \$)	1 657	1 977
7.000% Bonds 2017 (US \$)	135	160
7.250% Bonds 2026 (US \$)	270	319
6.625% Bonds 2028 (US \$)	209	246
5.900% Bonds 2032 (US \$)	943	–
5.000% Bonds 2045 (Swiss Francs)	138	135
5.600% Bonds 2097 (US \$)	87	103
Commercial paper (US \$)	351	838
Other	41	82
Thailand:		
3.300% Bonds 2007 (Thai baht)	144	–
Other countries	197	184
Total other group companies	<b>7 400</b>	7 870
Total bonds and other loans	<b>18 600</b>	22 607

(a) The negative amount shown in 2001 relates to the exchange difference on the currency swap used to swap certain euro borrowings into sterling.

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## 14 Net funds/(debt) continued

Unilever had the following undrawn committed facilities at 31 December 2002:

- revolving 364-day bilateral credit facilities of in aggregate US \$3 403 million (2001: US \$3 020 million) with a 364-day term out;
- revolving 5 year bilateral credit facilities of in aggregate US \$334 million (2001: nil);
- revolving 364-day notes commitments of US \$400 million (2001: US \$200 million) with the ability to issue notes with a maturity up to 364 days;
- 364-day bilateral money market commitments of in aggregate US \$2 080 million (2001: US \$1 775 million), under which the underwriting banks agree, subject to certain conditions, to subscribe for notes with maturities of up to three years.

In addition, operating companies have a variety of facilities, most of which are uncommitted.

The average interest rate on short-term borrowings in 2002 was 5% (2001: 7%).

The interest rate profiles of the Group's financial assets and liabilities analysed by principal currency are set out in the table below.

### Interest rate profile and currency analysis of financial assets

	€ million			€ million		€ million
	Fixed rate	Fixed rate	Fixed rate	Floating rate		Total
		Weighted average interest rate	Weighted average fixing period			
<b>Assets – 2002</b>						
Euro <sup>(b)</sup>	512	10.9%	1.4 years	670	1 182	
Sterling	–			123	123	
US Dollar	246	10.7%	10.3 years	445	691	
Indian Rupee	–			568	568	
Other	–			1 122	1 122	
Total <sup>(a)</sup>	758			2 928	3 686	
<b>Assets – 2001</b>						
Euro <sup>(b)</sup>	806	11.0%	1.3 years	(202)	604	
Sterling	–			334	334	
US Dollar	–			79	79	
Indian Rupee	–			558	558	
Other	–			726	726	
Total	806			1 495	2 301	

(a) Includes certain non equity assets held within fixed investments.

(b) The fixed interest rate of 10.9% in 2002 (2001: 11.0%) relates to one leg of a cross-currency interest rate swap of an intercompany loan: a corresponding interest charge is included in the US dollar fixed rate liabilities.

### Interest rate profile and currency analysis of financial liabilities

	€ million			€ million		€ million
	Fixed rate	Fixed rate	Fixed rate	Floating rate		Total
		Weighted average interest rate	Weighted average fixing period			
<b>Liabilities – 2002</b>						
Euro	32	4.8%	4.7 years	221	253	
Sterling	367	6.3%	1.4 years	1 017	1 384	
US Dollar	11 363	6.2%	6.7 years	4 542	15 905	
Thai baht	262	3.7%	2.9 years	128	390	
Other	247	5.1%	24.0 years	2 265	2 512	
Total	12 271			8 173	20 444	
<b>Liabilities – 2001</b>						
Euro	68	6.0%	3.1 years	1 728	1 796	
Sterling	1 429	7.2%	0.7 years	320	1 749	
US Dollar	11 687	6.7%	5.4 years	7 288	18 975	
Other	252	5.0%	24.2 years	2 728	2 980	
Total	13 436			12 064	25 500	

## 15 Financial instruments

The Group has comprehensive policies in place, approved by the directors, covering the use of derivative financial instruments. These instruments are used for hedging purposes. Established controls are in place covering all financial instruments. These include policies, guidelines, exposure limits, a system of authorities and independent reporting. Performance is closely monitored with independent reviews undertaken by internal audit. The accounting policies governing these instruments are in line with generally accepted practice in the UK and the Netherlands and follow hedge accounting principles described in the accounting policies on page 68. The use of leveraged instruments is not permitted. Details of the instruments used for interest rate and foreign exchange exposure management, together with information on related exposures, are given below.

Except for the description of Unilever's currency exposures, all debtors and trade and other creditors have been excluded from the analysis below and from the interest rate and currency profiles in note 14 on page 84 either due to the exclusion of short-term items, as permitted by United Kingdom Financial Reporting Standard 13, or because the amounts are not material.

Unilever operates an interest rate management policy aimed at optimising net interest and reducing volatility. Derivatives are used to manage the interest rate exposure of debt and cash positions. The Group's financial position is largely fixed by fixed rate long-term debt issues and straightforward derivative financial instruments such as interest rate swaps. In general, cash is invested short-term at floating interest rates.

At the end of 2002 interest rates were fixed on approximately 80% of the projected net debt for 2003 and 47% for 2004 (compared with 54% for 2002 and 47% for 2003 at the end of 2001).

Nominal values of interest rate derivative instruments are shown in the table below. These nominal values do not reflect the actual level of use of financial instruments when compared with the nominal value of the underlying debt. This is because certain financial instruments have consecutive strike and maturity dates on the same underlying debt in different time periods. Whilst the nominal amounts reflect the volume of activity, they are not indicative of the amount of credit risk to which the Group is exposed. For details of our policy for managing credit risk see page 38.

	€ million Nominal amounts at 31 December 2002	€ million 2001
Interest rate swaps	15 804	21 360

The following table shows the extent to which the Group had unrecognised gains and losses in respect of interest rate instruments at the beginning and end of the year. It shows the movement in the market value of these instruments during the year ended 31 December 2002.

	€ million Gains	€ million Losses	€ million Total net gains/ (losses)
Unrecognised gains and losses:			
Balance at 1 January	151	(293)	(142)
Brought forward balance recognised in current year	61	(234)	(173)
Brought forward balance not recognised in current year	90	(59)	31
Current year items not recognised in current year	210	(145)	65
Balance at 31 December 2002	300	(204)	96
Expected to be dealt with next year	129	(147)	(18)
Expected to be dealt with later	171	(57)	114

The following table shows the extent to which the Group has recognised but deferred gains and losses in respect of interest rate instruments at the beginning and end of the year. It also shows the amount which has been included in the profit and loss account for the year and those gains and losses which will be reflected in the profit and loss account in 2003 or in subsequent years.

	€ million Gains	€ million Losses	€ million Total net gains/ (losses)
Deferred gains and losses:			
Balance at 1 January	10	(82)	(72)
Brought forward balance recognised in current year	5	(29)	(24)
Brought forward balance not recognised in current year	5	(53)	(48)
Current year items not recognised in current year	–	5	5
Balance at 31 December 2002	5	(48)	(43)
To be recognised in the profit and loss account for next year	5	(25)	(20)
To be recognised in the profit and loss account later	–	(23)	(23)

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## 15 Financial instruments continued

Under the Group's foreign exchange policy, transaction exposures, which usually have a maturity of less than one year, are generally hedged; this is primarily achieved through the use of forward foreign exchange contracts. The market value of these instruments at the end of 2002 represented a recognised unrealised gain of €572 million (2001: loss of €157 million) which was largely offset by recognised unrealised losses on the underlying assets and liabilities.

	€ million	€ million
	Nominal amounts at 31 December	
	2002	2001
Foreign exchange contracts – buy	3 627	6 053
– sell	11 076	13 812
<b>Total</b>	<b>14 703</b>	<b>19 865</b>

Our policy for financing the net investments in our subsidiaries is discussed in the Financial Review on page 37 and 38. At the end of 2002 some 75% (2001: 67%) of Unilever's total capital and reserves were denominated in the currencies of the two parent companies, euros and sterling.

Counterparty exposures are minimised by dealing with a limited range of financial institutions with secure credit ratings, and by working within agreed counterparty limits. There is no significant concentration of credit risk with any single counterparty.

Master netting agreements are in place for the majority of interest rate derivative instruments. The risk in the event of default by a counterparty is determined by the extent to which market prices have moved since the contracts were made. The Group believes that the risk of incurring such losses is remote.

The following table summarises the fair values and carrying amounts of the various classes of financial instruments as at 31 December:

	€ million	€ million	€ million	€ million
	Fair value		Carrying amount	
	2002	2001	2002	2001
<b>Financial assets:</b>				
Other fixed investments	404	176	404	176
Current investments	1 226	439	1 226	439
Cash	2 252	1 862	2 252	1 862
	<b>3 882</b>	<b>2 477</b>	<b>3 882</b>	<b>2 477</b>
<b>Financial liabilities:</b>				
Bank loans and overdrafts	(1 849)	(2 899)	(1 844)	(2 893)
Bonds and other loans	(19 675)	(23 125)	(18 600)	(22 607)
	<b>(21 524)</b>	<b>(26 024)</b>	<b>(20 444)</b>	<b>(25 500)</b>
<b>Derivatives:</b>				
Interest rate swaps				
– assets	300	151	152	134
– liabilities	(204)	(293)	(6)	(10)
Foreign exchange contracts – assets	780	190	780	190
– liabilities	(208)	(347)	(208)	(347)

The fair values of listed fixed investments are based on their market values. The fair values of unlisted fixed investments are not materially different from their carrying amounts. The carrying amount of current investments is based on their market value. Cash, bank loans and overdrafts have fair values which approximate to their carrying amounts because of their short-term nature. The fair values of forward foreign exchange contracts represent the unrealised gain or loss on revaluation of the contracts to year-end exchange rates. The fair values of bonds and other loans, interest rate swaps and forward rate agreements are based on the net present value of the anticipated future cash flows associated with these instruments. Short-term debtors and creditors have fair values which approximate to their carrying values.

In November 2001, NV entered into a forward purchase contract with a counterparty bank to buy 10 000 000 PLC shares at 559p per share in November 2006. If the PLC share price falls by more than 5% below 559p, cash collateral for the difference must be placed with the counterparty bank.

## Currency exposures

Group Treasury manages the foreign exchange exposures that arise from Unilever's financing and investing activities in accordance with Unilever policies.

The objectives of Unilever's foreign exchange policies are to allow operating companies to manage foreign exchange exposures that arise from trading activities effectively within a framework of control that does not expose Unilever to unnecessary foreign exchange risks. Operating companies are required to cover substantially all foreign exchange exposures arising from trading activities and each company operates within a specified maximum exposure limit. Business Groups monitor compliance with these policies. Compliance with the Group's policies means that the net amount of monetary assets and liabilities at 31 December 2002 that are exposed to currency fluctuations is not material.

## 16 Trade and other creditors

	€ million	€ million
	2002	2001
<b>Due within one year:</b>		
Trade creditors	4 414	4 882
Social security and sundry taxes	458	534
Accruals and deferred income	2 889	3 196
Taxation on profits	857	977
Dividends	1 138	1 057
Others	1 335	1 287
	<b>11 091</b>	<b>11 933</b>
<b>Due after more than one year:</b>		
Accruals and deferred income	147	246
Taxation on profits	365	377
Others	129	182
	<b>641</b>	<b>805</b>
<b>Total trade and other creditors</b>	<b>11 732</b>	<b>12 738</b>

## 17 Pensions and similar obligations

### Description of Plans

In most countries the Group operates defined benefit pension plans based on employee pensionable remuneration and length of service. The majority of these plans are externally funded; for the unfunded plans, provisions are maintained in the Group balance sheet. The Group also provides other post-retirement benefits, mainly post-retirement medical benefits in the United States. These plans are predominantly unfunded, with provisions maintained in the Group balance sheet.

The Group also operates a number of defined contribution plans, the assets of which are held in independently administered funds. The pension costs charged to the profit and loss account in respect of these plans represent the contributions payable by the Group to these funds.

### Accounting policies

The Group currently accounts for pensions under the United Kingdom accounting standard SSAP 24. The objective of the standard is to spread pension costs systematically over the service lives of employees and for the regular costs to be a reasonably stable percentage of pay. Other post-retirement arrangements are currently accounted for in accordance with United States accounting standards SFAS 106 and SFAS 112 which apply principles similar to those for pensions in the UK. All plans are subject to regular actuarial review using the projected unit method, either by external consultants or by actuaries employed by Unilever. The actuarial assumptions used to calculate the benefit obligations vary according to the country in which the plan is situated. In line with the accounting objective, assumptions are generally set reflecting long-term expectations and asset values are smoothed relative to market values.

The UK Accounting Standards Board also requires companies to provide disclosures based on FRS 17, the objective of which is to present the pension and other post retirement benefit plans' assets and liabilities at their fair value at the balance sheet date. Unilever will fully adopt FRS 17 as the basis for pension accounting from 1 January 2003. FRS 17 disclosures are given on pages 89 to 91.

### SSAP 24 – Pension and similar obligations

Profit and loss account	€ million 2002	€ million 2001	€ million 2000
Charged to operating profit in staff costs:			
Defined benefit plans			
Regular costs	(354)	(381)	(324)
Special termination benefits	(96)	(78)	(88)
Exceptional increase in irrecoverable surplus	(46)	–	–
Financing charge on pension provisions	(136)	(110)	(117)
Amortisation of surplus/deficits	339	370	309
Defined contribution plans	(26)	(24)	(8)
Other post-retirement benefits	(97)	(103)	(77)
<b>Total pensions and other post-retirement benefits 3</b>	<b>(416)</b>	<b>(326)</b>	<b>(305)</b>

Pension costs, and contributions paid by the Group to the funded plans, have been reduced in recent years, mainly due to surpluses in the Group's two biggest funds. These surpluses are recognised by amortisation through the profit and loss account using the mortgage method.

### Balance Sheet

Pensions and similar obligations in the balance sheet are predominantly long-term liabilities comprising:

	€ million 2002	€ million 2001
Unfunded pension plans	1 320	1 414
Funded pension plans	987	987
Other post-retirement benefit plans	1 073	1 284
<b>SSAP 24 pre-tax net liability</b>	<b>3 380</b>	<b>3 685</b>
Comprising:		
Asset balances reclassified as debtors due after more than one year 13	(840)	(917)
Provisions for liabilities and charges	4 220	4 602
Movements during the year:		
1 January	4 602	
Currency retranslation	(258)	
Profit and loss account	416	
Payments	(400)	
Acquisitions/disposals	(74)	
Other adjustments	(66)	
<b>31 December</b>	<b>4 220</b>	

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## 17 Pensions and similar obligations continued

### Additional information

Group policy is that plans are formally valued at least every three years. The results of the valuations for the principal pension plans (that represent 90% of all defined benefit pension plans by market value of assets and net provisions) have been updated to the year end to provide the following aggregated information:

	€ million 31 December 2002	€ million 31 December 2001	€ million 31 December 2002	€ million 31 December 2001
	Pension plans		Other post retirement benefit plans	
Actuarial value of assets at the last valuation date	15 515	16 762	2	3
Provisions	3 147	3 318	1 073	1 284
Prepayments	(840)	(917)	–	–
Liabilities	16 590	16 306	1 042	1 210
Financing level % <sup>(a)</sup>	107%	118%	103%	106%
Actual market value of assets	12 725	16 976	2	3

(a) Actuarial value of assets plus net provision as % of liabilities.

The actuarial value of assets is generally a smoothed market value determined by spreading gains and losses relative to the actuarial basis over a three-to-five-year period.

### Assumptions

The long-term average assumptions used for valuing the principal pension plans, weighted by liabilities, were:

	31 December 2002	31 December 2001
Interest rate	6.0%	7.0%
Inflation	2.4%	3.0%
Salary increases	3.7%	4.3%
Pension increases	2.2%	2.9%

Assumptions for the remaining defined benefit plans vary considerably depending on the economic conditions of the country where they are situated.

For the most significant plans (representing over 75% of all defined benefit plans by liabilities) the assumptions at 31 December 2002 were:

	United Kingdom	Netherlands	United States	Germany
Interest rate	5.4%	6.5%	6.5%	5.8%
Inflation	2.2%	2.5%	2.5%	2.0%
Salary increases	3.7%	3.3%	4.5%	2.8%
Pension increases	2.5%	2.5%	0.0%	2.0%

Pension contributions to funded pension plans are reviewed regularly. Following the latest reviews in the UK, the Netherlands and Germany, decisions have been made to recommence contributions in both the UK and Germany and the cash impact of this is expected to be €46 million in 2003.

**17 Pensions and similar obligations** continued**FRS 17 Disclosures**

With the objective of presenting pensions and other post retirement benefit plans' assets and liabilities at their fair value on the balance sheet, assumptions for FRS 17 are set by reference to market conditions at the balance sheet date. As such, there will be differences between the assumptions used in SSAP 24 and those under FRS 17 and the values placed on assets and liabilities.

**Assumptions**

The major market-based actuarial assumptions, weighted by liabilities, used to value the principal defined benefit pension plans and plans providing other post-retirement benefits and the expected long-term rates of return on assets, weighted by asset value, were:

	Principal defined benefit pension plans	31 Dec 2002 Other post retirement benefit plans	Principal defined benefit pension plans	31 Dec 2001 Other post retirement benefit plans	Principal defined benefit pension plans	31 Dec 2000 Other post retirement benefit plans
Discount rate	<b>5.70%</b>	<b>6.50%</b>	6.00%	7.25%	6.20%	7.50%
Inflation assumption	<b>2.30%</b>	<b>n/a</b>	2.25%	n/a	2.50%	n/a
Rate of increase in salaries	<b>3.60%</b>	<b>4.30%</b>	3.50%	4.50%	3.80%	4.50%
Rate of increase for pensions in payment	<b>2.20%</b>	<b>n/a</b>	2.00%	n/a	2.10%	n/a
Rate of increase for pensions in deferment (where provided)	<b>2.60%</b>	<b>n/a</b>	1.50%	n/a	2.30%	n/a
Long-term medical cost inflation <sup>(a)</sup>	<b>n/a</b>	<b>4.90%</b>	n/a	5.00%	n/a	5.00%
Expected long-term rates of return:						
Equities	<b>8.20%</b>		9.00%		8.40%	
Bonds	<b>4.90%</b>		5.50%		5.30%	
Others	<b>5.40%</b>		6.00%		5.30%	

(a) The valuations of other benefit plans generally assume a higher initial level of medical cost inflation, which falls from 10% to the long-term rate within the next five years.

Assumptions for the remaining defined benefits plans vary considerably depending on the economic conditions of the country where they are situated.

For the most significant pension plans, representing over 75% of all defined benefit plans by liabilities, the assumptions at 31 December 2002 were:

	United Kingdom	Netherlands	United States	Germany
Discount rate	5.50%	5.40%	6.50%	5.40%
Inflation assumption	2.25%	2.25%	2.50%	2.00%
Rate of increase in salaries	3.75%	3.00%	4.50%	2.75%
Rate of increase for pensions in payment	2.50%	2.25%	0.00%	2.00%
Rate of increase for pensions in deferment (where provided)	2.50%	2.25%	0.00%	0.00%
Expected long-term rates of return:				
Equities	8.00%	8.30%	8.30%	8.30%
Bonds	4.90%	4.70%	4.30%	4.70%
Others	5.80%	5.60%	4.30%	4.90%

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## 17 Pensions and similar obligations continued

### Balance Sheet

The assets, liabilities and surplus/deficit position of the pension and other post retirement benefit plans and the expected rates of return on the principal plan assets, at the balance sheet date, were:

	€ million	€ million	%	€ million	€ million	%
		31 December 2002	Long-term		31 December 2001	Long-term
	Pension plans	Other post retirement benefit plans	rates of return expected	Pension plans	Other post retirement benefit plans	rates of return expected
Assets of principal plans:						
Equities	7 281	–	8.2%	10 494	–	9.0%
Bonds	3 383	–	4.9%	4 138	–	5.5%
Other	1 644	–	5.4%	1 808	–	6.0%
Assets of other plans	417	2	8.2%	536	3	8.0%
Total plan assets	12 725	2		16 976	3	
Present value of liabilities: <sup>(a)</sup>						
Principal plans	(15 305)	–		(15 547)	–	
Other plans	(1 675)	(1 042)		(1 781)	(1 171)	
Total present value of liabilities	(16 980)	(1 042)		(17 328)	(1 171)	
Aggregate net surplus/(deficit) of the plans	(4 255)	(1 040)		(352)	(1 168)	
Irrecoverable surplus <sup>(b)</sup>	(87)	–		(265)	–	
Related deferred tax asset/(liability)	1 058	388		(74)	467	
Net pension asset/(liability)	(3 284)	(652)		(691)	(701)	
Of which in respect of						
Funded plans in surplus:						
Aggregate surplus	677	–		2 454	–	
Irrecoverable surplus <sup>(b)</sup>	(87)	–		(265)	–	
Related deferred tax liability	(209)	–		(740)	–	
Net pension asset	381	–		1 449	–	
Funded plans in deficit:						
Aggregate deficit	(2 575)	–		(607)	–	
Related deferred tax asset	808	–		199	–	
Net pension liability	(1 767)	–		(408)	–	
Unfunded plans:						
Aggregate liability	(2 357)	(1 040)		(2 199)	(1 168)	
Related deferred tax asset	459	388		467	467	
Net pension liability	(1 898)	(652)		(1 732)	(701)	

(a) The basis for valuation of risk benefits has been changed following the issue of UITF 35. The effect has been to increase the liabilities of the principal plans by €500 million as at 31 December 2002 (2001: €508 million).

(b) The surplus in the plans is only recoverable to the extent that the Group can benefit from either refunds formally agreed or future contribution reductions.

If the above amounts had been recognised in the financial statements, the Group's net assets and profit retained would be:

	€ million	€ million	€ million	€ million
	31 December 2002	31 December 2002	31 December 2001	31 December 2001
	Net assets	Profit retained	Net assets	Profit retained
Unilever Group as reported	6 495	5 777	7 657	6 417
Excluding SSAP 24 net pre-tax liability	3 380	3 344	3 685	3 647
Excluding associated deferred tax asset	(691)	(679)	(843)	(830)
Including FRS 17 net liability after tax	(3 936)	(3 903)	(1 392)	(1 373)
Net assets/profit retained including FRS 17 pension liability	5 248	4 539	9 107	7 861

**17 Pensions and similar obligations** continued**Profit and loss account**

Had FRS 17 been adopted in the preparation of the Group's financial statements, the profit and loss account would have been as follows:

	€ million 2002	€ million 2001
Charged to operating profit:		
Defined benefit pension and other benefit plans:		
Current service cost	(364)	(384)
Special termination benefits	(96)	(79)
Past service cost	9	(16)
Gains on settlements/curtailments	119	9
Operating gain on irrecoverable surplus	7	–
Defined contribution plans	(26)	(24)
<b>Total operating cost</b>	<b>(351)</b>	(494)
Charged to interest:		
Interest on retirement benefits	(1 072)	(1 121)
Exceptional financing loss on recoverable surplus	–	(128)
Expected return on assets	1 180	1 291
<b>Total interest cost</b>	<b>108</b>	42
<b>Net impact on the profit and loss account (before tax)</b>	<b>(243)</b>	(452)

**Statement of total recognised gains and losses**

Had FRS 17 been adopted in the preparation of the Group's financial statements, the following amounts would have been recognised in the statement of total recognised gains and losses:

	€ million 2002	€ million 2001
Actual return less expected return on pension and other benefit plan assets	(3 276)	(2 343)
Experience gains/(losses) arising on pension plan and other benefit plan liabilities	(95)	197
Changes in assumptions underlying the present value of the pension and other benefit plan liabilities	(952)	(198)
<b>Actuarial gain/(loss) to be recognised in statement of total recognised gains and losses</b>	<b>(4 323)</b>	(2 344)

**Reconciliation of change in surplus/deficit**

Movements in surplus/deficit during the year:

	€ million 2002	€ million 2001
Surplus/(deficit) at beginning of the year	(1 520)	1 126
Movements in year		
Current service cost	(364)	(384)
Special termination benefits	(96)	(79)
Past service costs	9	(16)
Settlements/curtailments	119	9
Other finance income	108	42
Actuarial gain/(loss)	(4 323)	(2 344)
Contributions	400	138
Currency retranslation	372	(12)
<b>Surplus/(deficit) at end of the year</b>	<b>(5 295)</b>	(1 520)

**History of experience gains and losses**

	%	%
	2002	2001
Actual return less expected return on plan assets:		
% of plan assets at beginning of year	(19)	(12)
Experience gains/(losses) on plan liabilities:		
% of present value of plan liabilities at beginning of year	(1)	1
Total actuarial gain/(loss):		
% of present value of plan liabilities at beginning of year	(23)	(13)

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## 17 Pensions and similar obligations continued

### US GAAP disclosures

Under US GAAP, the actuarial assumptions used to calculate the benefit obligations are set by reference to market conditions at the balance sheet date, in a similar manner to that used under FRS 17. The accounting methodology however is not the same as under FRS 17 since certain cost items are amortised rather than recognised immediately.

The following tables summarise the balance sheet impact, as well as the benefit obligations, assets, funded status and economic assumptions associated with the key defined benefit pension plans and the other post retirement benefit plans as computed in accordance with SFAS 87 and SFAS 106. At 31 December 2002 these key defined benefit pension plans ('key pension plans') represented approximately 90% (2001: 76%; 2000: 76%) of all pension plans while 100% of the other post retirement benefit plans are represented (2001: 100%; 2000: 100%), based on the market value of the funds plus the provisions held in the Group's accounts.

	€ million Key pension plans 2002	€ million Key pension plans 2001	€ million Other post retirement benefit plans 2002	€ million Other post retirement benefit plans 2001
<b>Change in benefit obligations</b>				
Benefit obligations at 1 January	12 750	12 047	1 171	1 132
Extension of coverage <sup>(a)</sup>	2 261	–	–	–
Service cost	315	252	20	20
Interest cost	864	737	78	83
Plan member contributions	8	1	–	–
Amendments	–	90	(4)	–
Plan mergers	170	41	–	–
Actuarial (gains)/losses	1 215	291	33	–
Acquisitions/disposals	(57)	(11)	(22)	(12)
Settlements/curtailments	(321)	(31)	–	(3)
Special termination benefits	–	29	–	1
Benefits paid	(1 204)	(873)	(88)	(89)
Currency retranslations	(786)	177	(176)	39
Benefit obligations at 31 December	15 215	12 750	1 012	1 171
<b>Change in plan assets</b>				
Fair value of plan assets at 1 January	13 560	15 401	3	3
Extension of coverage <sup>(a)</sup>	2 320	–	–	–
Plan mergers	154	–	–	–
Actual return on plan assets	(1 953)	(928)	(1)	–
Acquisitions/(disposals)	(10)	(11)	–	–
Settlements	(249)	(31)	–	–
Employer contribution/surplus refunds	36	(144)	88	88
Plan member contributions	8	1	–	–
Benefits paid	(1 118)	(873)	(88)	(89)
Currency retranslations	(651)	145	–	1
Fair value of plan assets at 31 December	12 097	13 560	2	3
Funded status at 31 December	(3 118)	810	(1 010)	(1 168)
Unrecognised net transition liability/(asset)	(178)	(247)	–	3
Unrecognised net actuarial loss/(gain)	3 285	(1 119)	(34)	(85)
Unrecognised prior service cost	178	201	1	5
Other (SFAS 112 liabilities)	n/a	n/a	(30)	(39)
Net amount recognised at 31 December	167	(355)	(1 073)	(1 284)
Amount recognised in the statement of financial position consists of:				
Prepaid benefit cost	1 543	813	–	–
Accrued benefit liability	(1 376)	(1 168)	(1 069)	(1 283)
Additional minimum liability	(2 454)	(20)	–	–
Intangible asset	94	4	–	–
Accumulated other comprehensive income	2 360	16	(4)	(1)
Net amount recognised at 31 December	167	(355)	(1 073)	(1 284)

(a) With effect from 1 January 2002 a number of additional pension plans were included in the SFAS 87 valuation exercise. This increases the overall coverage provided by the key pension plans from 76% to 90%.

## 17 Pensions and similar obligations continued

	% Key Pension plans 2002	% Key Pension plans 2001	% Key Pension plans 2000	% Other post retirement benefit plans 2002	% Other post retirement benefit plans 2001	% Other post retirement benefit plans 2000
<b>Weighted-average assumptions as at 31 December</b>						
Discount rate	5.70	6.00	6.25	6.50	7.25	7.50
Expected return on plan assets	6.90	7.75	7.25	n/a	n/a	n/a
Salary increases	3.60	3.75	3.75	4.30	4.50	4.50
Pension increases	2.20	2.50	2.50	n/a	n/a	n/a

The valuations of other benefit plans typically assume that medical cost inflation will fall from its current level (assumed to be approximately 10% in 2003) over the next few years and reach a constant level of 4.9% (2001: 5%; 2000: 5%) within five years.

	€ million Key Pension plans 2002	€ million Key Pension plans 2001	€ million Key Pension plans 2000	€ million Other post retirement benefit plans 2002	€ million Other post retirement benefit plans 2001	€ million Other post retirement benefit plans 2000
<b>Components of net periodic benefit cost</b>						
Service cost (gross)	324	253	231	20	20	16
Interest cost	864	737	698	78	83	64
Expected return on plan assets	(1 189)	(1 007)	(932)	–	–	–
Expected employee contributions	(9)	(1)	–	–	–	–
Amortisation of prior service cost	33	24	26	–	–	–
Amortisation of transition (asset)	(63)	(63)	(66)	–	–	–
Amortisation of actuarial loss/(gain)	(45)	(81)	(58)	(6)	(2)	(2)
Total before SFAS 88 events	(85)	(138)	(101)	92	101	78
Adjustments for SFAS 88 events	(118)	43	19	(23)	(2)	(1)
Net periodic benefit cost	(203)	(95)	(82)	69	99	77

The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for the pension plans with accumulated benefit obligations in excess of plan assets were €11 015 million, €10 188 million, and €7 334 million respectively, as of 31 December 2002 and €2 171 million, €2 035 million, and €1 308 million respectively, as of 31 December 2001.

The Group also maintains a number of smaller defined benefit plans. Approximately €1 129 million (2001: €1 685 million) is provided for on their behalf in the Group balance sheet. In 2002, €158 million (2001: €202 million; 2000: €151 million) was charged in the accounts. These amounts would not have been materially different under SFAS 87.

In addition to the special termination benefits included in the table above, during 2002, the Group also charged €96 million (2001: €49 million; 2000: €56 million) in respect of pension or similar obligations arising on terminations of employment.

**Expected return on plan assets**

Beginning 1 January 2002 the Group changed its method for determining the expected return on plan assets under US GAAP by changing the value placed on the plan assets. The value now used is the fair value at the balance sheet date instead of a market related value calculated by smoothing asset gains and losses over a five year period. Management believe that using the actual fair value at the balance sheet date provides a better representation of the financial position of the Group. The impact of this change in methodology on reported results is given on pages 114 and 121.

**Post-retirement health care benefits**

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	€ million 1% point increase	€ million 1% point decrease
Effect on total of service and interest cost components	7	(6)
Effect on post-retirement benefit obligations	68	(62)

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## 18 Deferred taxation

United Kingdom Financial Reporting Standard 19 (FRS 19) 'Deferred Tax', which requires full provision to be made for deferred taxes, has been adopted with effect from 1 January 2002. The impact on the balance sheet of adoption of this standard has been reflected in all periods covered by these accounts by means of a prior period adjustment. As Unilever has previously provided for deferred taxes on a full provision basis in accordance with Netherlands law, FRS 19 does not have a material impact on reported net profit.

FRS 19 does not allow deferred tax to be provided on the revaluation of fixed assets and therefore deferred tax so provided in respect of the revaluation of Bestfoods' tangible fixed assets has been adjusted against goodwill in the comparative figures. Deferred tax was provided in respect of the planned remittance of unremitted earnings of Bestfoods' subsidiaries; FRS 19 does not allow such provision unless the dividend has been declared. These deferred tax liabilities have also been adjusted against goodwill in the comparative figures. In addition, where (prior to 1998) tax-deductible goodwill was written off directly to reserves, FRS 19 does not allow a deferred tax asset to be created at acquisition. Instead, a deferred tax liability must be created over the life of the goodwill. The consequent reversal of deferred tax assets and creation of deferred tax liabilities has been adjusted in the comparative figures. These two adjustments result in a reduction of shareholders' equity as at 31 December 2001 of € 202 million.

The implementation of FRS 19 has also changed the accounting treatment in the year ended 31 December 2000 for our (then) anticipated disposal of Elizabeth Arden. The effect of implementing FRS 19 means that operating profit for that year is reduced by €121 million, whilst the tax charge on ordinary activities is also reduced by €121 million. This adjustment has been made in the comparative figures for the year ended 31 December 2000. There is no impact on reported net profit.

Capital and reserves at 31 December 2001 have been reduced in aggregate by €202 million (2000: €195 million). In the 2001 closing balance sheet, goodwill has been reduced by €133 million (2000: €77 million) while debtors have been reduced by €60 million (2000: €91 million) through a reduction in deferred tax assets. Deferred tax liabilities at the end of 2001 have been increased by €9 million (2000: €27 million).

There are no material unrecognised deferred tax assets.

	€ million 2002	€ million 2001
Deferred taxation on:		
Accelerated depreciation	877	1 009
Stock reliefs	41	55
Pension and similar provisions	(691)	(843)
Short-term and other timing differences	(1 015)	(921)
	(788)	(700)
Less asset balances reclassified as debtors due after more than one year <sup>13</sup>	1 292	1 610
	504	910
Movements in deferred taxation:		
1 January	910	
Currency retranslation	187	
Acquisition/disposal of group companies	17	
Profit and loss account	(292)	
Other movements	(318)	
31 December	504	

**19 Restructuring and other provisions**

Provisions are recognised when either a legal or constructive obligation, as a result of a past event, exists at the balance sheet date and where the amount of the obligation can be reasonably estimated.

	€ million 2002	€ million 2001
Restructuring provisions	633	773
Other provisions	555	586
<b>Total</b>	<b>1 188</b>	<b>1 359</b>
Movements in restructuring provisions:		
1 January	773	
Currency retranslation	(54)	
Acquisition/disposal of group companies	5	
Profit and loss account:		
New charges	575	
Releases	(56)	
Utilisation	(610)	
<b>31 December</b>	<b>633</b>	
Movements in other provisions:		
1 January	586	
Currency retranslation	(100)	
Acquisition/disposal of group companies	179	
Profit and loss account	(80)	
Utilisation	(30)	
<b>31 December</b>	<b>555</b>	

Restructuring provisions at the end of 2002 relate to the Path to Growth initiatives described in note 4 on page 77. These amounted to €0.6 billion the cash impact of which is expected to be a cash outflow of €0.4 billion in 2003 and €0.2 billion thereafter. Other provisions principally comprise balances held in respect of legal, environmental and other exposures. The cash impact of these balances is expected to be a cash outflow of €0.2 billion in 2003, and €0.4 billion thereafter.

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## 20 Capital and reserves

From 1 January 2002, Unilever has adopted UK Financial Reporting Standard 19 (FRS 19) 'Deferred Tax' which requires full provision to be made for deferred taxes. The impact of the adoption of FRS 19 was as follows:

	€ million As at 31 December 2001	€ million As at 31 December 2000	€ million As at 31 December 1999
Shareholders' equity as previously reported	7 195	8 169	7 761
Accounting policy change	(202)	(195)	(306)
Shareholders' equity as restated	6 993	7 974	7 455

The table below presents combined disclosure of movements in capital and reserves of NV and PLC for the years 2002, 2001 and 2000 in order to show these changes for the Unilever Group as a whole. This information does not reflect the separate legal status of NV and PLC; information on capital and reserves attributable to each of NV and PLC is given in notes 21 and 23 on pages 97 and 98.

	€ million Called up share capital	€ million Share premium account	€ million Other reserves	€ million Profit retained	€ million Total
<b>2002</b> <sup>(a)</sup>					
1 January 2002	642	1 551	(1 617)	6 417	6 993
Result for the year retained	–	–	–	428	428
Goodwill movements	–	–	–	458	458
Unrealised gain on partial disposal of a group company	–	–	–	56	56
Currency retranslation	–	(10)	75	(1 582)	(1 517)
Change in book value of shares or certificates held in connection with share options	–	–	(551)	–	(551)
31 December 2002	642	1 541	(2 093)	5 777	5 867
<b>2001</b> <sup>(a)</sup>					
1 January 2001	642	1 548	(1 167)	6 951	7 974
Result for the year retained	–	–	–	257	257
Goodwill movements	–	–	–	274	274
Currency retranslation	–	3	(14)	(1 065)	(1 076)
Change in book value of shares or certificates held in connection with share options	–	–	(436)	–	(436)
31 December 2001	642	1 551	(1 617)	6 417	6 993
<b>2000</b> <sup>(a)</sup>					
1 January 2000	642	1 547	(971)	6 237	7 455
Result for the year retained	–	–	–	(353)	(353)
Goodwill movements <sup>(b)</sup>	–	–	–	1 314	1 314
Currency retranslation	–	1	(12)	(247)	(258)
Change in book value of shares or certificates held in connection with share options	–	–	(184)	–	(184)
31 December 2000	642	1 548	(1 167)	6 951	7 974

As required by UK Financial Reporting Standard 4 capital and reserves can be analysed as follows:

	€ million 2002	€ million 2001
Equity:		
Ordinary capital	4 365	5 491
Non-equity:		
7% Cumulative Preference	13	13
6% Cumulative Preference	73	73
4% Cumulative Preference	34	34
5 euro cents Cumulative Preference	1 382	1 382
Total non-equity	1 502	1 502
Total capital and reserves	5 867	6 993

(a) Restated for FRS 19, see note 18 on page 94.

(b) Includes €980 million written back in 2000 in respect of the agreed disposal of Elizabeth Arden.

## 21 Called up share capital

€ million Authorised 2002	€ million Authorised 2001	Preferential share capital NV	Nominal value per share	Number of shares issued	€ million Issued, called up and fully paid 2002	€ million Issued, called up and fully paid 2001
34	34	7% Cumulative Preference	€453.78	29 000	13	13
91	91	6% Cumulative Preference	€453.78	161 060	73	73
34	34	4% Cumulative Preference	€45.38	750 000	34	34
29	29	5 euro cents Cumulative Preference	€0.05	211 473 785	10	10
188	188				130	130
		<b>Ordinary share capital NV</b>				
508	508	Ordinary	€0.51	571 575 900	290	290
1	1	Ordinary (Shares numbered 1 to 2 400 – 'Special Shares')	€453.78	2 400	1	1
–	–	Internal holdings eliminated in consolidation (€453.78 shares)			(1)	(1)
509	509				290	290
		Total NV share capital			420	420
		<b>Ordinary share capital PLC</b>				
£ million 2002	£ million 2001				£ million 2002	£ million 2001
136.2	136.2	Ordinary:	1.4p	2 911 458 580	40.8	40.8
0.1	0.1	Deferred	£1 stock	100 000	0.1	0.1
–	–	Internal holdings eliminated in consolidation (£1 stock)			(0.1)	(0.1)
136.3	136.3	Total PLC share capital			40.8	40.8
		Euro equivalent in millions (at £1 = €5.445)			222	222

For NV share capital, the euro amounts shown above and elsewhere in this document are representations in euros on the basis of Article 67c of Book 2 of the Civil Code in the Netherlands, rounded to two decimal places, of underlying amounts of share capital in Dutch guilders, which have not been converted into euros in NV's Articles of Association. Until conversion formally takes place by amendment of the Articles of Association the entitlements to dividends and voting rights are based on the underlying Dutch guilder amounts.

The 7%, 6% and 4% preference shares of NV are entitled to dividends at the rates indicated. The €0.05 preference shares of NV are entitled to a dividend of 65% of the six months Euribor interest rate on their notional value of €6.580 each. A nominal dividend of ¼% is paid on the deferred stock of PLC.

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

The Company has agreed that it will not buy back the €0.05 cumulative preference share capital of NV before 9 June 2004. At any time after this date, at the Company's option, €6.534 of the notional value of the preference shares is convertible into ordinary NV shares and the remaining notional value is then redeemable. The Company expects to exercise the conversion right if any preference shares remain outstanding after 1 December 2004.

The other classes of preferential share capital of NV and the deferred stock of PLC are not redeemable.

For information on the rights of shareholders of NV and PLC and the operation of the Equalisation Agreement see 'Control of Unilever' on pages 138 to 141.

### Internal holdings

The ordinary shares numbered 1 to 2 400 (inclusive) in NV and deferred stock of PLC are held as to one half of each class by N.V. Elma – a subsidiary of NV – and one half by United Holdings Limited – a subsidiary of PLC. This capital is eliminated in consolidation. It carries the right to nominate persons for election as directors at general meetings of shareholders. The subsidiaries mentioned above have waived their rights to dividends on their ordinary shares in NV. For more information see 'Control of Unilever' on pages 138 to 141.

### Share options

The Group operates a number of equity-based compensation plans involving options over ordinary shares of NV and PLC. Full details of these plans are given in note 29 on page 103.

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## 22 Profit retained

	€ million NV 2002	€ million NV 2001	€ million NV 2000	€ million PLC 2002	€ million PLC 2001	€ million PLC 2000
Net profit	<b>1 681</b>	817	675	<b>448</b>	1 021	430
Preference dividends	<b>(42)</b>	(51)	(44)	<b>–</b>	–	–
Dividends on ordinary capital	<b>(941)</b>	(868)	(803)	<b>(718)</b>	(662)	(611)
Result for the year retained	<b>698</b>	(102)	(172)	<b>(270)</b>	359	(181)
Goodwill movements	<b>158</b>	192	1 005	<b>300</b>	82	309
Unrealised gain on partial disposal of a group company	<b>–</b>	–	–	<b>56</b>	–	–
Adjustment arising from change in ownership of group companies <sup>(a)</sup>	<b>1 646</b>	–	–	<b>(1 646)</b>	–	–
Currency retranslation	<b>(1 270)</b>	(815)	(384)	<b>(312)</b>	(250)	137
Net movement during the year	<b>1 232</b>	(725)	449	<b>(1 872)</b>	191	265
Profit retained – 1 January <sup>(b)</sup>	<b>4 149</b>	4 874	4 425	<b>2 268</b>	2 077	1 812
Profit retained – 31 December	<b>5 381</b>	4 149	4 874	<b>396</b>	2 268	2 077
Of which retained by:						
Parent companies	<b>6 591</b>	3 508	2 375	<b>1 590</b>	1 552	1 499
Other group companies	<b>(1 179)</b>	630	2 494	<b>(1 205)</b>	713	576
Joint ventures and associates	<b>(31)</b>	11	5	<b>11</b>	3	2
	<b>5 381</b>	4 149	4 874	<b>396</b>	2 268	2 077
Cumulative goodwill written off directly to reserves	<b>(5 298)</b>	(5 456)	(5 648)	<b>(2 099)</b>	(2 399)	(2 481)

(a) Arising from the legal integration of Bestfoods into Unilever, following which a number of group companies are partly held by Unilever United States, Inc. and therefore are ultimately owned jointly by NV and PLC. As a result of this, goodwill of €1 646 million arising in PLC has been eliminated in reserves on consolidation.

(b) Profit retained has been restated following the adoption of FRS 19. Profit retained at 1 January 2000 has been reduced in aggregate by €306 million (of which €245 million relates to NV and €61 million relates to PLC). Movements in profit retained since 1 January 2000 have been restated as appropriate. See note 18 on page 94.

## 23 Other reserves

	€ million NV 2002	€ million NV 2001	€ million NV 2000	€ million PLC 2002	€ million PLC 2001	€ million PLC 2000
Adjustment on translation of PLC's ordinary capital at £1 = Fl. 12 = €5.445	<b>–</b>	–	–	<b>(159)</b>	(155)	(157)
Capital redemption reserve	<b>–</b>	–	–	<b>18</b>	18	18
Book value of shares or certificates held in connection with share options <sup>(a)</sup>	<b>(1 498)</b>	(1 077)	(553)	<b>(454)</b>	(403)	(475)
	<b>(1 498)</b>	(1 077)	(553)	<b>(595)</b>	(540)	(614)

(a) Under UITF 13 these shares would be classified as fixed assets.

The change in book value of shares or certificates held in connection with share options on the other reserves of NV was €(421) million (2001: €(524) million; 2000: €(189) million) and for PLC was €(51) million (2001: €72 million; 2000: €(7) million).

**24 Commitments and contingent liabilities**

	€ million 2002	€ million 2001	€ million 2000
Long-term lease commitments under operating leases in respect of:			
Land and buildings	1 399	1 419	1 777
Other tangible fixed assets	475	615	793
	<b>1 874</b>	2 034	2 570
The commitments fall due as follows:			
Within 1 year	321	392	488
After 1 year but within 2 years	301	330	414
After 2 years but within 3 years	260	273	347
After 3 years but within 4 years	226	249	308
After 4 years but within 5 years	204	217	266
After 5 years	562	573	747
	<b>1 874</b>	2 034	2 570
Other commitments	516	407	310
Of which payable within one year	226	108	82

In addition to the above Unilever has long-term global and regional supply contracts for a variety of materials and services. Amounts contracted under these arrangements are approximately €3 billion, including €750 million over seven years for global telecommunications services and €500 million over four years for advertising in the UK.

Contingent liabilities amounted to some €511 million (2001: €443 million) of which €176 million (2001: €202 million) relates to guarantees. These guarantees are not expected to give rise to any material loss. Guarantees given by parent or group companies relating to liabilities included in the consolidated accounts are not included. Other contingent liabilities arise in respect of litigation against companies in the Group, investigations by competition and regulatory authorities and obligations under environmental legislation in various countries. These are not expected to give rise to any material loss.

**25 Acquisition and disposal of group companies****Acquisitions**

The net assets and results of acquired businesses are included in the consolidated accounts from their respective dates of acquisition. The following tables set out the effect of acquisitions of group companies in 2002 on the consolidated balance sheet. Acquisition accounting (purchase accounting) has been applied in all cases. The fair values currently established for all acquisitions made in 2002 are provisional. The goodwill arising on these transactions has been capitalised and is being amortised over 20 years.

The following acquisition tables include the impact of the restructuring of the Bestfoods Robertsons (Holdings) Limited LLC joint venture ('Unilever Bestfoods Robertsons'). On 1 April 2002, Unilever disposed of its assets in Unifoods South Africa and Hudson & Knight South Africa to Unilever Bestfoods Robertsons, a joint venture between Unilever and Robertsons in which Unilever had a 50% equity stake. In exchange, Unilever received a 9% equity interest in Unilever Bestfoods Robertsons thereby obtaining control.

This transaction has been accounted for in accordance with United Kingdom Urgent Issues Task Force Abstract 31 ('UITF 31') 'Exchange of businesses or other non-monetary assets for an interest in a subsidiary, joint venture or associate'. The net effect of this transaction was to dispose of a 41% interest in the Unifoods South Africa and Hudson & Knight South Africa businesses in return for the acquisition of an additional 9% interest in Unilever Bestfoods Robertsons. The unrealised gain on disposal of the 41% interest was €56 million and, in accordance with UITF 31, has been recognised in the Statement of Total Recognised Gains and Losses.

	€ million Balance sheets of acquired businesses	€ million Provisional adjustments to align accounting policies	€ million Provisional revaluations	€ million Provisional fair values at date of acquisition
<b>2002 acquisitions</b>				
Fixed assets	122	(4)	–	118
Current assets	116	–	(1)	115
Creditors	(74)	–	(1)	(75)
Provisions for liabilities and charges	(10)	(1)	–	(11)
Minority interest	–	(42)	–	(42)
	<b>154</b>	<b>(47)</b>	<b>(2)</b>	<b>105</b>
Adjustment to reflect 50% net assets previously owned				<b>(68)</b>
Net assets acquired				<b>37</b>

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## 25 Acquisition and disposal of group companies continued

	€ million 2002	€ million 2001	€ million 2000
<b>Acquisitions</b>			
Net assets acquired	37	49	3 910
Adjustments to acquisitions made in 2000	–	5 546	–
Goodwill arising in subsidiaries	116	(5 407)	26 019
Goodwill arising in joint ventures	–	(51)	632
Consideration	153	137	30 561
Of which:			
Cash 27	57	132	27 777
Cash balances of businesses acquired	–	1	231
Current investments, cash deposits and borrowings of businesses acquired	77	1	3 100
Non-cash items and deferred consideration	(57)	3	(547)
Fair value of Unilever business contributed	76	–	–

### Disposals

The results of disposed businesses are included in the consolidated accounts up to their date of disposal. In 2001, disposed businesses principally comprised Unipath and Batchelors/Oxo in the United Kingdom, Royco in the Netherlands and Elizabeth Arden and Gortons in the USA.

Included in the following table is the disposal of the DiverseyLever business. On 3 May 2002, Unilever disposed of its DiverseyLever business to JohnsonDiversey Inc. in exchange for cash, loan notes and a 33.3% stake in JohnsonDiversey's parent, JohnsonDiversey Holdings Inc. The net consideration received, including our share of the net debt of JohnsonDiversey Holdings Inc. group was €1 053 million. Johnson Professional Holdings Inc. also contributed its own professional cleaning business to JohnsonDiversey Inc.

This transaction has been accounted for in accordance with UITF 31. The net effect of this transaction was to dispose of a 66.6% interest in DiverseyLever and to acquire a 33.3% interest in Johnson Professional's professional cleaning business.

Unilever's acquired share of net assets of the Johnson professional cleaning business has been recorded at fair value, with the difference between this and the fair value of the consideration given in return being recorded as goodwill. The goodwill arising of €178 million is being amortised over 20 years. Unilever retained an interest in DiverseyLever which is included at its pre-transaction carrying amount.

To the extent that the fair value of the consideration received by Unilever exceeds the book value of the DiverseyLever business disposed, Unilever has recognised a gain of €98 million, after taking into account certain provisions recorded in respect of the disposal. Unilever's 33.3% interest in JohnsonDiversey Holdings Inc. is accounted for by Unilever as an associated undertaking.

**25 Acquisition and disposal of group companies** continued**Disposals**

	€ million 2002	€ million 2001	€ million 2000
Goodwill and intangible assets	274	6	–
Other fixed assets	531	273	276
Current assets	776	351	203
Creditors	(330)	(112)	(219)
Provisions for liabilities and charges	(100)	(11)	(51)
Minority interest	3	(2)	8
	<b>1 154</b>	505	217
33% interest in DiverseyLever	(114)	–	–
Net assets sold	<b>1 040</b>	505	217
Specific provisions related to the disposal	159	–	–
Attributable goodwill	458	223	258
Profit on sale attributable to Unilever	249	927	167
Consideration	<b>1 906</b>	1 655	642
Of which:			
Cash 27	<b>1 834</b>	1 650	626
Cash balances of businesses sold 27	(34)	(9)	11
Current investments, cash deposits and borrowings of businesses sold	19	3	2
Non cash and deferred consideration	217	11	3
Fair value of Johnson Professional business acquired	(130)	–	–

During 2001 we completed the disposal of Elizabeth Arden, which is therefore reflected in the table above. A charge of €980 million was recognised in 2000 in respect of an impairment of Elizabeth Arden goodwill previously written off to reserves.

**26 Reconciliation of group operating profit to operating cash flows**

	€ million 2002	€ million 2001	€ million 2000
Group operating profit	5 041	5 174	3 181
Depreciation and amortisation	2 582	2 845	1 954
Changes in working capital:			
Stocks	(98)	(177)	415
Debtors	88	(40)	(28)
Creditors	463	440	302
Pensions and similar provisions less payments	(44)	114	475
Restructuring and other provisions less payments	(53)	173	(204)
Elimination of (profits)/losses on disposals	(143)	(941)	785
Other adjustments	47	(91)	(142)
Cash flow from group operating activities	<b>7 883</b>	7 497	6 738

Cash flow from group operating activities in 2000 included payments of approximately €550 million to settle share options and similar obligations in Bestfoods consequent to the change of control.

Cash flow from exceptional items included in the group operating profit above comprises:

	€ million 2002	€ million 2001	€ million 2000
Restructuring	(406)	(1 131)	(485)
Business disposals	1 834	1 650	626
Other, including asset disposals	229	429	428
Total	<b>1 657</b>	948	569
Of which related to items included in group operating profit in the current year	<b>2 064</b>	1 313	
Of which related to items included in group operating profit in prior years	(407)	(365)	
Total	<b>1 657</b>	948	

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## 27 Analysis of cash flows for headings netted in the cash flow statement

	€ million 2002	€ million 2001	€ million 2000
<b>Returns on investments and servicing of finance</b>			
Dividends from other fixed investments	8	7	4
Interest received	324	191	346
Interest paid	(1 467)	(1 842)	(966)
Preference dividend paid	(31)	(48)	(41)
Dividends and other payments to minority shareholders	(220)	(195)	(141)
<b>Total</b>	<b>(1 386)</b>	<b>(1 887)</b>	<b>(798)</b>
<b>Capital expenditure and financial investment</b>			
Purchase of intangible assets	(18)	–	–
Purchase of tangible fixed assets	(1 295)	(1 536)	(1 361)
Disposal of tangible fixed assets	233	579	471
Acquisition/disposal of fixed investments	(68)	35	13
Purchase of own shares (employee share plans)	(558)	(436)	(184)
<b>Total</b>	<b>(1 706)</b>	<b>(1 358)</b>	<b>(1 061)</b>
<b>Acquisitions and disposals</b>			
Acquisition of group companies 25	(57)	(132)	(27 777)
Bestfoods	–	–	(23 623)
Other acquisitions	(57)	(132)	(4 154)
Cash balances of businesses acquired	–	(1)	(231)
Bestfoods	–	–	(22)
Other acquisitions	–	(1)	(209)
Consideration paid in respect of acquisitions made in previous years	–	(1)	(2)
Disposal of acquired business held for resale	–	1 968	–
Disposal of group companies 25	1 834	1 650	626
Cash balances of businesses sold 25	(34)	(9)	11
Consideration received in respect of disposals made in previous years	12	2	–
<b>Total</b>	<b>1 755</b>	<b>3 477</b>	<b>(27 373)</b>
<b>Management of liquid resources</b>			
Purchase of current investments	(219)	(108)	(217)
Sale of current investments	30	121	1 428
(Increase)/decrease in cash on deposit	(403)	1 093	1 253
<b>Total</b>	<b>(592)</b>	<b>1 106</b>	<b>2 464</b>
<b>Financing</b>			
Issue/purchase of shares by group companies to/(from) minority shareholders	9	(3)	(18)
Debt due within one year:			
Increases	2 698	3 854	15 001
Repayments	(8 347)	(13 618)	(2 716)
Debt after one year:			
Increases	3 195	4 933	10 692
Repayments	(146)	(264)	(57)
<b>Total</b>	<b>(2 591)</b>	<b>(5 098)</b>	<b>22 902</b>

Included as liquid resources are term deposits of less than one year, government securities and A- or higher rated money and capital market instruments.

**28 Analysis of net funds/(debt)**

	€ million	€ million	€ million	€ million	€ million	€ million
	1 January 2002	Cash flow	Acquisitions/ disposals (excl. cash & overdrafts)	Other non-cash changes	Currency movements	31 December 2002
Cash on call and in hand	1 576	(46)			72	1 602
Overdrafts	(400)	95			28	(277)
		49				
Borrowings due within one year	(10 879)	5 649	7	(4 579)	568	(9 234)
Borrowings due after one year	(14 221)	(3 049)	(64)	5 346	1 055	(10 933)
		2 600				
Current investments	439	189	(1)	700	(101)	1 226
Cash on deposit	286	403	–	–	(39)	650
		592				
<b>Net funds/(debt)</b>	<b>(23 199)</b>	<b>3 241</b>	<b>(58)</b>	<b>1 467</b>	<b>1 583</b>	<b>(16 966)</b>

Other non-cash changes include profits and losses on disposal and adjustments to realisable value of current investments; exchange gains and losses on inter-company borrowings and related derivatives; and the reclassification of long-term borrowings falling due within one year at the balance sheet date.

**29 Equity-based compensation plans**

As at 31 December 2002, the Group had a number of equity-based compensation plans:

**(i) All-Employee Option Plans**

Local All-Employee Option Plans have been set up in 16 countries to enhance employee involvement with Unilever and its performance by providing a potential financial benefit linked to the Unilever share price. There are no individual performance targets to be met. The plans permit participation by all permanent employees in the country where the relevant plan applies.

**(ii) Executive Option Plans**

The Executive Option Plans were introduced in 1985 to reward key employees throughout the world for their contribution to the enhancement of the Group's longer-term future and their commitment to the Group over a sustained period. The grant is dependent on performance of the Group and the individual.

**(iii) The Share Matching Plans**

If managers invest part of their annual bonus in Unilever shares, the Company will match this with the same number of shares on the condition that they keep all shares for an agreed number of years and will still be employed by Unilever on the vesting date.

**(iv) The TSR Long-Term Incentive Plan**

This plan was introduced in 2001 and depending on the TSR ranking (see page 40 and 41) of Unilever in comparison with its peer group it will potentially award top executives on the vesting date three years later with a number of Unilever shares.

**(v) The Restricted Share Plan**

Restricted shares are awarded to a select number of executives for special performance. After the agreed number of years the awards will vest provided they are still employed by Unilever at that time.

**(vi) The North American Performance Share Plan**

A long-term incentive plan for North American managers awarding Unilever shares if company and personal performance targets are met over a three-year period.

Unilever will not grant share options in total in respect of Executive Option Plans of more than 5% of its issued ordinary capital, and for all Plans together, of more than 10% of its issued ordinary capital. The Board does not apportion these limits to each plan separately.

In recent years we have met the obligations under our share option and award plans by purchasing shares in advance and transferring them, in return for the grant price, to directors and employees as the options are exercised.

## 29 Equity-based compensation plans continued

The Group applies accounting policies based on Netherlands law and UK GAAP which are consistent with APB Opinion 25 and related interpretations in accounting for these plans. Accordingly, the Group has recognised the following compensation costs: €86 million in 2002, €46 million in 2001 and €6 million in 2000. Had the Group accounted for options under the requirement of SFAS 123, the impact on reported results would have been as follows:

	€ million 2002	€ million 2001	€ million 2000
Net profit as reported	2 129	1 838	1 105
Add back actual compensation costs recognised	86	46	6
Less pro forma compensation cost under SFAS 123 <sup>(a)</sup>	(185)	(106)	(57)
Pro forma net profit under SFAS 123	2 030	1 778	1 054

	Euros per €0.51			Euro cents per 1.4p		
	2002	2001	2000	2002	2001	2000
Actual earnings per share	2.14	1.82	1.07	32.05	27.27	16.08
Pro forma earnings per share	2.04	1.76	1.02	30.53	26.36	15.32
Actual diluted earnings per share	2.07	1.77	1.05	31.10	26.54	15.69
Pro forma diluted earnings per share	1.97	1.71	1.00	29.62	25.65	14.94

(a) Included in this amount is €2 million (2001: nil; 2000: nil) relating to the HLL Executive Option Plan in India. See also under Executive Option Plans on page 106.

The remaining disclosures required by SFAS 123, including a description of the method and significant assumptions used to estimate the fair values of options and the weighted-average information, are given below for each type of plan, on a combined basis.

### (i) All-Employee Option Plans

Unilever has All-Employee Plans in 16 countries, which can be grouped together as follows:

- (a) Plans which follow a standard framework: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, Portugal, Spain, Sweden and Switzerland.
- (b) Other plans: North America, South Africa and United Kingdom.

Group (a):

The standard framework for these countries means, in principle, an annual grant of options over NV shares, at the same grant date, exercise price (the market price on the grant date) and grant size (including part-time employees pro rata) and with the same eligibility criteria (all permanent employees in a country). There are no vesting conditions other than being continuously employed by a Group company until the vesting date.

Group (b):

The UK and South Africa plans annually offer options over PLC shares, combined with a compulsory (UK) or optional (South Africa) savings plan. The exercise price is the market price at date of grant, except that prior to 2000 the exercise price of the UK plan was set at either 80% or 90% of the market price with the discount being amortised to remuneration cost over the vesting period.

The North American plan is a share purchase offering, with a compulsory savings plan, under which up to 10% of the salary of eligible employees is withheld. At the end of the period employees can use the savings to buy NV New York shares at a discount of 10%.

This discount is amortised to remuneration cost over the vesting period. The maximum number of shares made available under the plan is 8.9 million. Until 2001 the plan had an offering period of two years; the 2002 plan one year.

The table below summarises the main country-specific differences between the plans applicable in 2002:

Country (year of introduction)	Maximum term Years	Vesting period Years	Exercise period	Remarks
Austria (2001)	5	3	24 months	
Belgium (2001)	5	4	12 months	
Denmark (2001)	5	3	24 months	
Finland (2001)	5	3	24 months	On 3rd, 4th or 5th anniversary
France (2000)	5.5	5	6 months	
Germany (2000)	5	3	24 months	
Ireland (2002)	5	3	24 months	
Italy (2001)	5	3	24 months	
Netherlands (1995)	5	0	5 years	Keep shares during the first 3 years after grant
Portugal (2001)	3.5	3	6 months	
Spain (2001)	5	3	24 months	
Sweden (2001)	5	5	1 day	Partly convertible bonds
Switzerland (2001)	5	3	24 months	
UK (1985)	5.5	5	6 months	Sharesave plan
South Africa (2001)	3.5	3	6 months	Optional sharesave plan
North America (1995)	1	1	1 day	Purchase plan

**29 Equity-based compensation plans** continued

A summary of the status of the All-Employee Plans as at 31 December 2002, 2001 and 2000 and changes during the years ended on these dates is presented below:

	Number of shares	2002 Weighted average price	Number of shares	2001 Weighted average price	Number of shares	2000 Weighted average price
<b>NV shares of €0.51</b>						
Outstanding at 1 January	3 109 260	€60.56	1 634 437	€54.41	690 838	€54.38
Granted	1 589 107	€67.90	1 853 007	€64.65	1 204 863	€53.05
Exercised	(322 625)	€58.72	(225 614)	€51.85	(125 707)	€40.72
Forfeited/Expired <sup>(a)</sup>	(349 312)	€63.24	(152 570)	€57.10	(135 557)	€54.94
Outstanding at 31 December	4 026 430	€63.38	3 109 260	€60.56	1 634 437	€54.41
Exercisable at 31 December	231 979	€67.90	42 412	€42.99	94 861	€37.58
<b>PLC shares of 1.4p</b>						
Outstanding at 1 January	22 002 314	£4.61	26 512 577	£4.14	30 777 318	£4.00
Granted	4 122 000	£6.06	4 411 833	£5.29	7 960 043	£4.25
Exercised	(5 771 480)	£3.78	(5 756 768)	£2.94	(5 717 614)	£2.74
Forfeited/Expired <sup>(a)</sup>	(2 347 242)	£4.90	(3 165 328)	£4.62	(6 507 170)	£4.84
Outstanding at 31 December	18 005 592	£5.17	22 002 314	£4.61	26 512 577	£4.14
Exercisable at 31 December	430 696	£3.71	250 760	£2.78	192 156	£2.68
<b>NV New York shares of €0.51</b>						
Outstanding at 1 January	–	–	470 680	\$52.43	633 913	\$52.43
Granted	149 431	\$54.11	–	–	–	–
Exercised	–	–	(255 208)	\$52.43	–	–
Forfeited/Expired <sup>(a)</sup>	–	–	(215 472)	\$52.43	(163 233)	\$52.43
Outstanding at 31 December	149 431	\$54.11	–	–	470 680	\$52.43
Exercisable at 31 December	–	–	–	–	–	–

(a) The number of expired options is immaterial.

	2002	2001	2000
<b>NV option value information <sup>(b)</sup></b>			
Fair value per option <sup>(c)</sup>	€14.66	€15.13	€10.18
Valuation assumptions			
Expected option term	3.8 years	3.5 years	4.0 years
Expected volatility	26.8%	29.3%	28.6%
Expected dividend yield	2.4%	2.2%	4.5%
Risk-free interest rate	4.5%	4.5%	4.9%
<b>PLC option value information <sup>(b)</sup></b>			
Fair value per option <sup>(c)</sup>	£1.57	£1.31	£1.05
Valuation assumptions			
Expected option term	4.7 years	4.7 years	5.0 years
Expected volatility	28.5%	28.1%	25.6%
Expected dividend yield	2.5%	2.8%	3.3%
Risk-free interest rate	5.2%	5.4%	5.7%
<b>NV New York shares option value information <sup>(b)</sup></b>			
Fair value per option <sup>(c)</sup>	\$8.57	–	–
Valuation assumptions			
Expected option term	1 year	–	–
Expected volatility	25.2%	–	–
Expected dividend yield	2.5%	–	–
Risk-free interest rate	1.2%	–	–
<b>Actual compensation costs recognised (€ million)</b>	<b>2</b>	<b>4</b>	<b>4</b>

(b) Weighted average of options granted during each period.

(c) Estimated using Black Scholes option pricing method.

## 29 Equity-based compensation plans continued

The exercise prices and remaining life of the All-Employee Option Plans as at 31 December 2002 are as follows:

	Range of exercise prices	Number outstanding at 31 December 2002	Options outstanding		Options exercisable	
			Weighted average remaining contractual life	Weighted average exercise price	Number exercisable at 31 December 2002	Weighted average exercise price
<b>NV shares of €0.51</b>	€53.05 - €57.63	897 413	2 years	€53.77	–	–
	€63.65 - €70.00	3 129 017	4 years	€66.28	231 979	€67.90
<b>PLC shares of 1.4p</b>	£3.71 - £4.25	5 832 050	3 years	£4.21	430 696	£3.71
	£5.14 - £6.20	12 173 542	3 years	£5.63	–	–
<b>NV New York shares of €0.51</b>	\$54.11	149 431	1 year	\$54.11	–	–

### (ii) Executive Option Plans

The Executive Option Plans are made up of the following plans, which are granted to key employees of the Group on a discretionary basis:

#### The NV Executive Option Plan

The NV Executive Option Plan provides for the granting of options to purchase shares of Unilever N.V. and, from 1997 onwards, also shares of Unilever PLC, at a price not lower than the market price on the day the options were granted. Options granted until March 2001 become exercisable immediately from the date of grant but cannot be sold within three years; options granted from November 2001 become exercisable after three years. The options have a maximum term of five years for the grants made up to 1998 and of ten years for subsequent grants.

#### The PLC Executive Option Plan

The PLC Executive Option Plan provides for the granting of options to purchase shares of Unilever PLC and from 1997 onwards, also shares of Unilever N.V., at a price not lower than the market price on the day the options were granted. These options become exercisable after a three-year period from the date of grant and have a maximum term of ten years.

#### The NA Executive Option Plan

The NA Executive Option Plan provides for the granting of options to purchase a maximum of 40.5 million shares in Unilever N.V. of the New York Registry, and 262.0 million shares of Unilever PLC, at a price not lower than the market value on the day the options are granted. These options become exercisable over a three-year period from the date of grant and have a maximum term of ten years.

In addition, managers working in India can participate in an Executive Option Plan relating to Hindustan Lever Limited's shares. As these are neither NV nor PLC shares, no figures for this plan are disclosed in this note.

A summary of the status of the Executive Option Plans as at 31 December 2002, 2001 and 2000 and changes during the years ended on these dates is presented below:

	Number of shares	2002 Weighted average price	Number of shares	2001 Weighted average price	Number of shares	2000 Weighted average price
<b>NV shares of €0.51</b>						
Outstanding at 1 January	8 198 049	€58.95	4 835 834	€57.68	3 856 658	€54.49
Granted	3 658 548	€66.84	4 017 741	€58.26	1 659 616	€54.56
Exercised	(373 219)	€51.37	(372 052)	€33.83	(615 538)	€28.88
Forfeited/Expired <sup>(a)</sup>	(343 981)	€62.73	(283 474)	€60.40	(64 902)	€61.73
Outstanding at 31 December	11 139 397	€61.71	8 198 049	€58.95	4 835 834	€57.68
Exercisable at 31 December	4 795 216	€59.84	4 788 521	€58.75	3 418 554	€56.22
<b>PLC shares of 1.4p</b>						
Outstanding at 1 January	57 255 712	£4.96	34 455 159	£4.89	26 221 302	£4.98
Granted	23 811 993	£5.83	26 126 694	£4.97	10 793 301	£4.35
Exercised	(3 931 699)	£3.96	(1 649 129)	£3.42	(2 129 344)	£3.25
Forfeited/Expired <sup>(a)</sup>	(1 995 236)	£5.48	(1 677 012)	£5.11	(430 100)	£5.56
Outstanding at 31 December	75 140 770	£5.28	57 255 712	£4.96	34 455 159	£4.89
Exercisable at 31 December	33 370 192	£5.07	34 846 599	£4.90	25 183 453	£4.72

## 29 Equity-based compensation plans continued

	Number of shares	2002 Weighted average price	Number of shares	2001 Weighted average price	Number of shares	2000 Weighted average price
<b>NV New York shares of €0.51</b>						
Outstanding at 1 January	2 736 921	\$49.23	2 030 941	\$47.29	1 963 471	\$45.41
Granted	755 295	\$59.44	840 937	\$52.22	294 645	\$51.77
Exercised	(242 276)	\$36.00	(119 965)	\$36.02	(185 740)	\$30.53
Forfeited/Expired <sup>(a)</sup>	(28 926)	\$57.52	(14 992)	\$59.43	(41 435)	\$65.22
Outstanding at 31 December	3 221 014	\$52.54	2 736 921	\$49.23	2 030 941	\$47.29
Exercisable at 31 December	1 888 079	\$50.10	1 632 955	\$46.29	1 473 860	\$42.00
<b>PLC shares of 1.4p in the form of ADRs <sup>(d)</sup></b>						
Outstanding at 1 January	12 744 844	\$7.89	7 491 864	\$8.33	5 830 480	\$8.82
Granted	4 994 640	\$8.42	5 566 904	\$7.25	1 975 788	\$6.95
Exercised	(598 300)	\$7.14	(208 116)	\$6.86	(47 572)	\$6.72
Forfeited/Expired <sup>(a)</sup>	(144 032)	\$8.40	(105 808)	\$8.08	(266 832)	\$9.13
Outstanding at 31 December	16 997 152	\$8.06	12 744 844	\$7.88	7 491 864	\$8.33
Exercisable at 31 December	8 175 172	\$8.29	5 415 724	\$8.57	3 758 584	\$8.35

(a) The number of expired options is immaterial.

(d) 1 ADR is equivalent to 4 PLC shares.

	2002	2001	2000
<b>NV option value information <sup>(b)</sup></b>			
Fair value per option <sup>(c)</sup>	€18.74 <sup>(e)</sup> £11.59 <sup>(f)</sup> \$16.32 <sup>(g)</sup>	€16.57 <sup>(e)</sup> £8.94 <sup>(f)</sup> \$13.96 <sup>(g)</sup>	€10.83 <sup>(e)</sup> £6.25 <sup>(f)</sup> \$15.97 <sup>(g)</sup>
Valuation assumptions			
Expected option term	6.0 years	6.3 years	6.3 years
Expected volatility	27.6%	28.5%	24.5%
Expected dividend yield	2.4%	2.5%	4.0%
Risk-free interest rate	5.0%	4.1%	5.2%
<b>PLC option value information <sup>(b)</sup></b>			
Fair value per option <sup>(c)</sup>	€2.62 <sup>(e)</sup> £1.62 <sup>(f)</sup> \$2.23 <sup>(g)</sup>	€2.01 <sup>(e)</sup> £1.24 <sup>(f)</sup> \$1.86 <sup>(g)</sup>	€1.82 <sup>(e)</sup> £1.00 <sup>(f)</sup> \$1.95 <sup>(g)</sup>
Valuation assumptions			
Expected option term	6.0 years	6.8 years	6.3 years
Expected volatility	27.1%	26.0%	23.9%
Expected dividend yield	2.6%	2.9%	3.2%
Risk-free interest rate	5.3%	4.6%	5.9%
<b>Actual compensation costs recognised (€ million)</b>	–	–	–

(b) Weighted average of options granted during each period.

(c) Estimated using Black Scholes option pricing method.

(e) Fair value per option of the NV Executive Option Plan.

(f) Fair value per option of the PLC Executive Option Plan.

(g) Fair value per option of the NA Executive Option Plan.

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## 29 Equity-based compensation plans continued

The exercise prices and remaining life of the Executive Option Plans as at 31 December 2002 are as follows:

	Options outstanding			Options exercisable		
	Range of exercise prices	Number outstanding at 31 December 2002	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable at 31 December 2002	Weighted average exercise price
<b>NV shares of €0.51</b>	€42.79 - €60.85	5 338 303	8 years	€56.68	2 551 726	€54.88
	€63.50 - €73.97	5 801 094	8 years	€66.35	2 243 490	€65.48
<b>PLC shares of 1.4p</b>	£2.54 - £3.08	1 795 242	2 years	£2.98	1 795 242	£2.98
	£3.43 - £4.78	24 183 118	8 years	£4.54	16 389 469	£4.54
	£5.22 - £6.79	49 162 410	8 years	£5.73	15 185 481	£5.89
<b>NV New York shares of €0.51</b>	\$25.67 - \$33.89	647 995	2 years	\$31.03	647 995	\$31.03
	\$41.16 - \$56.13	1 312 546	7 years	\$51.37	706 730	\$50.73
	\$58.76 - \$76.69	1 260 473	8 years	\$64.82	533 354	\$72.44
<b>PLC shares of 1.4p in the form of ADRs <sup>(d)</sup></b>	\$5.56 - \$7.73	8 619 296	7 years	\$7.08	4 604 564	\$6.97
	\$8.35 - \$10.85	8 377 856	8 years	\$9.07	3 570 608	\$10.00

(d) 1 ADR is equivalent to 4 PLC shares.

### (iii) The Share Matching Plans

Under these plans managers can invest up to 25% of their gross bonus in Unilever shares. The Company matches this with the same number of shares on condition that all shares are held for the agreed period (five years for awards made until 2001, three years from 2002 onwards), and that the manager has not resigned from Unilever at the end of this period. The North American managers participate in the North American Share Bonus Plan, the others in the Variable Pay in Shares Plan. The numbers below include the numbers under the plan for the directors described in the Remuneration report on page 50.

A summary of the status of the Share Matching Plans as at 31 December 2002, 2001 and 2000 and changes during the years ended on these dates is presented below:

	Number of shares	2002 Weighted average price	Number of shares	2001 Weighted average price	Number of shares	2000 Weighted average price
<b>NV shares of €0.51</b>						
Outstanding at 1 January	77 613	€0.00	26 302	€0.00	4 891	€0.00
Awarded	148 990	€0.00	51 526	€0.00	21 411	€0.00
Exercised	(143)	€0.00	–	–	–	–
Forfeited/Expired <sup>(a)</sup>	(1 056)	€0.00	(215)	€0.00	–	–
Outstanding at 31 December	225 404	€0.00	77 613	€0.00	26 302	€0.00
Exercisable at 31 December	–	–	–	–	–	–
<b>PLC shares of 1.4p</b>						
Outstanding at 1 January	570 703	£0.00	198 676	£0.00	36 779	£0.00
Awarded	1 065 406	£0.00	373 646	£0.00	161 897	£0.00
Exercised	(1 053)	£0.00	–	–	–	–
Forfeited/Expired <sup>(a)</sup>	(7 670)	£0.00	(1 619)	£0.00	–	–
Outstanding at 31 December	1 627 386	£0.00	570 703	£0.00	198 676	£0.00
Exercisable at 31 December	–	–	–	–	–	–

(a) The number of expired share awards is immaterial.

## 29 Equity-based compensation plans continued

	Number of shares	2002 Weighted average price	Number of shares	2001 Weighted average price	Number of shares	2000 Weighted average price
<b>NV New York shares of €0.51</b>						
Outstanding at 1 January	29 255	\$0.00	5 034	\$0.00	–	–
Awarded	87 743	\$0.00	24 221	\$0.00	5 034	\$0.00
Exercised	–	–	–	–	–	–
Forfeited/Expired <sup>(a)</sup>	(513)	\$0.00	–	–	–	–
Outstanding at 31 December	116 485	\$0.00	29 255	\$0.00	5 034	\$0.00
Exercisable at 31 December	–	–	–	–	–	–
<b>PLC shares of 1.4p in the form of ADRs <sup>(d)</sup></b>						
Outstanding at 1 January	214 752	\$0.00	37 264	\$0.00	–	–
Awarded	599 064	\$0.00	177 488	\$0.00	37 264	\$0.00
Exercised	–	–	–	–	–	–
Forfeited/Expired <sup>(a)</sup>	(3 568)	\$0.00	–	–	–	–
Outstanding at 31 December	810 248	\$0.00	214 752	\$0.00	37 264	\$0.00
Exercisable at 31 December	–	–	–	–	–	–

(a) The number of expired share awards is immaterial. (d) 1 ADR is equivalent to 4 PLC shares.

	2002	2001	2000
<b>NV share award value information <sup>(b)</sup></b>			
Fair value per share award	€69.14 \$58.68	€61.73 \$56.54	€52.68 \$49.13
<b>PLC share award value information <sup>(b)</sup></b>			
Fair value per share award	£6.17 \$8.58	£5.22 \$7.70	£4.22 \$6.63
<b>Actual compensation costs recognised (€ million)</b>	<b>12</b>	<b>2</b>	<b>–</b>

(b) Weighted average of share awards granted during each period.

**(iv) The TSR Long-Term Incentive Plan**

This plan was introduced in 2001 and grants were made to Board members and some senior executives. The level of award which will vest will vary in accordance with the Total Shareholder Return in comparison with a peer group (see description on page 40). If the ranking is below the median, the award will lapse; the higher the ranking above the median, the higher the award.

A summary of the status of the TSR Long-Term Incentive Plan as at 31 December 2002 and 2001 and changes during the year ended on these dates is presented below:

	Number of shares	2002 Weighted average price	Number of shares	2001 Weighted average price
<b>NV shares of €0.51</b>				
Outstanding at 1 January	71 564	€0.00	–	–
Awarded	118 445	€0.00	71 564	€0.00
Exercised	–	–	–	–
Forfeited/Expired <sup>(a)</sup>	(1 495)	€0.00	–	–
Outstanding at 31 December	188 514	€0.00	71 564	€0.00
Exercisable at 31 December	–	–	–	–
<b>PLC shares of 1.4p</b>				
Outstanding at 1 January	533 481	£0.00	–	–
Awarded	837 973	£0.00	533 481	£0.00
Exercised	–	–	–	–
Forfeited/Expired <sup>(a)</sup>	(10 580)	£0.00	–	–
Outstanding at 31 December	1 360 874	£0.00	533 481	£0.00
Exercisable at 31 December	–	–	–	–

(a) The number of expired share awards is immaterial.

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## 29 Equity-based compensation plans continued

	2002	2001
<b>NV share award value information</b> <sup>(b)</sup>		
Fair value per share award <sup>(h)</sup>	<b>€26.94</b>	€57.33
<b>PLC share award value information</b> <sup>(b)</sup>		
Fair value per share award <sup>(h)</sup>	<b>£2.41</b>	£5.11
<b>Actual compensation costs recognised (€ million)</b>	<b>11</b>	2

(b) Weighted average of share awards granted during each period.

(h) Estimated using adapted binomial pricing model based on cross-volatilities of peer group TSR.

### (v) The Restricted Share Plan

In specific once-off cases a number of executives are awarded the right to receive NV and PLC shares at a specified date in the future, on the condition that they will still be employed by Unilever at that time. No directors participate in this plan.

A summary of the status of the Restricted Share Plan as at 31 December 2002, 2001 and 2000 and changes during the years ended on these dates is presented below:

	Number of shares	2002 Weighted average price	Number of shares	2001 Weighted average price	Number of shares	2000 Weighted average price
<b>NV shares of €0.51</b>						
Outstanding at 1 January	<b>381 328</b>	<b>€0.00</b>	165 046	€0.00	–	–
Awarded	<b>37 380</b>	<b>€0.00</b>	256 662	€0.00	165 046	€0.00
Exercised	<b>(160 405)</b>	<b>€0.00</b>	(40 380)	€0.00	–	–
Forfeited/Expired <sup>(a)</sup>	<b>(7 696)</b>	<b>€0.00</b>	–	–	–	–
Outstanding at 31 December	<b>250 607</b>	<b>€0.00</b>	381 328	€0.00	165 046	€0.00
<b>PLC shares of 1.4p</b>						
Outstanding at 1 January	<b>2 815 138</b>	<b>£0.00</b>	1 220 226	£0.00	–	–
Awarded	<b>275 502</b>	<b>£0.00</b>	1 894 148	£0.00	1 220 226	£0.00
Exercised	<b>(1 178 708)</b>	<b>£0.00</b>	(299 236)	£0.00	–	–
Forfeited/Expired <sup>(a)</sup>	<b>(57 116)</b>	<b>£0.00</b>	–	–	–	–
Outstanding at 31 December	<b>1 854 816</b>	<b>£0.00</b>	2 815 138	£0.00	1 220 226	£0.00

(a) The number of expired share awards is immaterial.

	2002	2001	2000
<b>NV share award value information</b> <sup>(b)</sup>			
Fair value per share award	<b>€64.21</b>	€67.40	€53.72
<b>PLC share award value information</b> <sup>(b)</sup>			
Fair value per share award	<b>£5.65</b>	£5.73	£4.45
<b>Actual compensation costs recognised (€ million)</b>	<b>6</b>	6	2

(b) Weighted average of share awards granted during each period.

### (vi) The North American Performance Share Plan

This long-term incentive plan for North American managers awards Unilever shares if company and personal performance targets are met over a three-year period. It was introduced in 2001 to replace a former long-term incentive plan which had cash awards rather than shares.

A summary of the status of the North American Performance Share Plan as at 31 December 2002 and 2001 and changes during the years ended on these dates is presented below:

	Number of shares	2002 Weighted average price	Number of shares	2001 Weighted average price
<b>NV New York shares of €0.51</b>				
Outstanding at 1 January	<b>625 451</b>	<b>\$0.00</b>	–	–
Awarded	<b>639 396</b>	<b>\$0.00</b>	625 451	\$0.00
Exercised	–	–	–	–
Forfeited/Expired <sup>(a)</sup>	<b>(41 555)</b>	<b>\$0.00</b>	–	–
Outstanding at 31 December	<b>1 223 292</b>	<b>\$0.00</b>	625 451	\$0.00
Exercisable at 31 December	–	–	–	–

## 29 Equity-based compensation plans continued

	Number of shares	2002 Weighted average price	Number of shares	2001 Weighted average price
<b>PLC shares of 1.4p in the form of ADRs<sup>(d)</sup></b>				
Outstanding at 1 January	4 665 064	\$0.00	–	–
Awarded	4 769 348	\$0.00	4 665 064	\$0.00
Exercised	–	–	–	–
Forfeited/Expired <sup>(a)</sup>	(303 880)	\$0.00	–	–
Outstanding at 31 December	9 130 532	\$0.00	4 665 064	\$0.00
Exercisable at 31 December	–	–	–	–

(a) The number of expired share awards is immaterial.

(d) 1 ADR is equivalent to 4 PLC shares.

	2002	2001
<b>NV share award value information<sup>(b)</sup></b>		
Fair value per share award	\$59.00	\$59.65
<b>PLC share award value information<sup>(b)</sup></b>		
Fair value per share award	\$8.35	\$8.59
<b>Actual compensation costs recognised (€ million)</b>	<b>55</b>	<b>32</b>

(b) Weighted average of share awards granted during each period.

## Employee share option plans: additional information

At 31 December 2002, there were options outstanding to purchase 16 693 951 (2001: 12 446 685) €0.51 ordinary NV shares, and 79 141 530 (2001: 56 763 080) 1.4p ordinary PLC shares in respect of equity-based compensation plans of NV and its subsidiaries and the North American plans, and 3 846 623 (2001: 2 782 756) €0.51 ordinary NV shares and 45 785 840 (2001: 44 038 928) 1.4p ordinary PLC shares in respect of equity-based compensation plans of PLC and its subsidiaries.

To satisfy the options granted, certain NV group companies hold 17 711 169 (2001: 13 679 007) certificates or depository receipts of ordinary shares of NV and 69 162 782 (2001: 43 038 640) of PLC and a forward equity contract to buy 10 000 000 PLC shares in 2006, and trusts in Jersey and the United Kingdom hold 43 176 360 (2001: 41 531 145) PLC shares. The book value of the shares held by the trusts, together with their borrowings, is taken up in the entity accounts of PLC, as required by United Kingdom UITF Abstract 13. The trustees of these trusts have agreed, until further notice, to waive dividends on these shares, save for the nominal sum of 0.01p per 1.4p ordinary share. Shares acquired during 2002 represent 1.0% of the Group's called-up capital. The balance at year end is 3.4% (2001: 2.6%).

The book value of €1 952 million (2001: €1 480 million) of all shares held in respect of equity-based compensation plans for both NV and PLC is eliminated on consolidation by deduction from other reserves (see note 23 on page 98). Their market value at 31 December 2002 was €2 058 million (2001: €1 681 million).

At 31 December 2002 the exercise price of 11 163 031 (2001: 1 314 187) NV options and of 13 156 190 (2001: 11 382 978) PLC options was above the market price of the shares.

Shares held to satisfy options are accounted for in accordance with Netherlands law. Any difference between the market value of the shares at the grant date and the exercise price of the related options is charged to the profit and loss account over the vesting period. In accordance with Netherlands law, all other differences between the purchase price of the shares held to satisfy options granted and the exercise price of those options, or sale proceeds in the event that options lapse, are charged to other reserves. Urgent Issues Task Force Abstract 17 in the United Kingdom would require differences between the purchase price of the shares held and the exercise price or sale proceeds to be charged to the profit and loss account. For 2002 this charge would have been €23 million (2001: €13 million). In addition, a further €8 million would have been recognised as an impairment charge for shares held to meet options expiring in the short term which are priced above market value.

Obligations over the following number of shares were granted, exercised, forfeited or expired between 31 December 2002 and 28 February 2003.

	Granted		Exercised, forfeited or expired	
	Shares of 1.4p <sup>(i)</sup>	Shares of €0.51 <sup>(ii)</sup>	Shares of 1.4p <sup>(i)</sup>	Shares of €0.51 <sup>(ii)</sup>
All-Employee Option Plans	–	–	437 933	88 271
Executive Option Plans	–	–	794 497	115 782
Share Matching Plans	–	–	4 424	624
TSR Long-Term Incentive Plan	–	–	–	–
Restricted Share Plan	8 640	1 200	623 164	83 487
North American Performance Share Plan	–	–	44 400	5 950

(i) When under a North American Plan, in the form of PLC ADRs.

(ii) When under a North American Plan, in the form of NV New York shares.

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Unilever Group

## 30 Summarised accounts of the NV and PLC parts of the Group

The following summarised accounts present the profit and loss account and balance sheet of the Unilever Group, analysed between the NV and PLC parts of the Group according to respective ownership.

### Profit and loss account for the year ended 31 December

	€ million NV 2002	€ million NV 2001	€ million NV 2000	€ million PLC 2002	€ million PLC 2001	€ million PLC 2000
<b>Group turnover</b>	<b>31 828</b>	35 584	32 398	<b>16 442</b>	15 930	15 184
<b>Group operating profit<sup>(a)</sup></b>	<b>3 457</b>	2 938	1 883	<b>1 584</b>	2 236	1 298
Total income from fixed investments	<b>73</b>	43	55	<b>38</b>	53	(2)
Interest	<b>(812)</b>	(1 228)	(442)	<b>(361)</b>	(418)	(190)
<b>Profit on ordinary activities before taxation</b>	<b>2 718</b>	1 753	1 496	<b>1 261</b>	1 871	1 106
Taxation <sup>(a)</sup>	<b>(986)</b>	(892)	(794)	<b>(552)</b>	(655)	(488)
<b>Profit on ordinary activities after taxation</b>	<b>1 732</b>	861	702	<b>709</b>	1 216	618
Minority interests	<b>(51)</b>	(44)	(27)	<b>(261)</b>	(195)	(188)
<b>Net profit</b>	<b>1 681</b>	817	675	<b>448</b>	1 021	430

### Balance sheet as at 31 December

	€ million NV 2002	€ million NV 2001	€ million PLC 2002	€ million PLC 2001
<b>Fixed assets</b>				
Goodwill and intangibles <sup>(a)</sup>	<b>15 593</b>	18 899	<b>4 681</b>	6 065
Tangible fixed assets	<b>4 749</b>	6 065	<b>2 687</b>	3 175
Fixed investments	<b>394</b>	535	<b>285</b>	349
	<b>20 736</b>	25 499	<b>7 653</b>	9 589
<b>Current assets</b>				
Stocks	<b>2 870</b>	3 520	<b>1 630</b>	1 823
Debtors	<b>5 888</b>	7 403	<b>2 343</b>	2 631
Debtors due within one year	<b>4 323</b>	5 418	<b>1 552</b>	1 767
Debtors due after more than one year <sup>(a)</sup>	<b>1 565</b>	1 985	<b>791</b>	864
Cash and current investments	<b>2 459</b>	1 124	<b>1 019</b>	1 177
	<b>11 217</b>	12 047	<b>4 992</b>	5 631
<b>Creditors due within one year</b>	<b>(14 869)</b>	(17 128)	<b>(5 733)</b>	(6 084)
Borrowings	<b>(7 293)</b>	(8 983)	<b>(2 218)</b>	(2 296)
Trade and other creditors	<b>(7 576)</b>	(8 145)	<b>(3 515)</b>	(3 788)
<b>Net current assets</b>	<b>(3 652)</b>	(5 081)	<b>(741)</b>	(453)
<b>Total assets less current liabilities</b>	<b>17 084</b>	20 418	<b>6 912</b>	9 136
<b>Creditors due after more than one year</b>	<b>10 013</b>	11 894	<b>1 561</b>	3 132
Borrowings	<b>9 536</b>	11 233	<b>1 397</b>	2 988
Trade and other creditors	<b>477</b>	661	<b>164</b>	144
<b>Provisions for liabilities and charges<sup>(a)</sup></b>	<b>4 448</b>	5 351	<b>1 479</b>	1 520
<b>Intra-group – NV/PLC</b>	<b>(3 106)</b>	(1 757)	<b>3 106</b>	1 757
<b>Minority interests</b>	<b>29</b>	41	<b>599</b>	623
<b>Capital and reserves<sup>(a) (b)</sup></b>	<b>5 700</b>	4 889	<b>167</b>	2 104
<b>Total capital employed</b>	<b>17 084</b>	20 418	<b>6 912</b>	9 136

(a) Amounts restated following the implementation of FRS 19, see note 18 on page 94.

(b) Capital and reserves of PLC have decreased during 2002 due to the elimination of goodwill arising on intercompany transfers as explained in note 22 on page 98.

The financial data below shows key figures which are derived from the audited consolidated accounts of the Unilever Group for the last five years and is qualified by reference to those accounts and notes. Please refer also to the notes on page 114.

From 1 January 2000, Unilever adopted the euro as its principal reporting currency. For the years prior to the introduction of the euro on 1 January 1999, euro values have been derived by converting values previously reported in guilders, using the official conversion rate announced on 31 December 1998 of €1.00 = Fl. 2.20371. The effect of exchange fluctuations over time means that the trends shown may differ significantly from those previously shown in sterling and from those which would arise if these euro amounts had been translated from the historic sterling accounts.

<b>Consolidated profit and loss account</b> <sup>(a)(e)</sup>	<b>€ million</b> 2002	<b>€ million</b> 2001	<b>€ million</b> 2000	<b>€ million</b> 1999	<b>€ million</b> 1998
<b>Group turnover</b>	<b>48 270</b>	51 514	47 582	40 977	40 437
<b>Group operating profit</b>	<b>5 041</b>	5 174	3 181	4 303	4 410
Group operating profit BEIA	<b>7 165</b>	7 149	5 729	4 595	4 293
Exceptional items	<b>(879)</b>	(588)	(2 113)	(269)	125
Amortisation of goodwill and intangibles	<b>(1 245)</b>	(1 387)	(435)	(23)	(8)
Income from fixed investments	<b>111</b>	96	53	52	37
Interest <sup>(b)</sup>	<b>(1 173)</b>	(1 646)	(632)	(14)	156
<b>Profit on ordinary activities before taxation</b>	<b>3 979</b>	3 624	2 602	4 341	4 603
<b>Profit on ordinary activities after taxation</b>	<b>2 441</b>	2 077	1 320	2 972	3 088
<b>Net profit</b>	<b>2 129</b>	1 838	1 105	2 771	2 944
Preference dividends	<b>(42)</b>	(51)	(44)	(20)	(7)
Normal dividends on ordinary capital	<b>(1 659)</b>	(1 530)	(1 414)	(1 245)	(1 237)
Special dividends on ordinary capital	<b>–</b>	–	–	–	(7 430)
<b>Result for the year retained</b>	<b>428</b>	257	(353)	1 506	(5 730)
<b>Combined earnings per share</b> <sup>(c)</sup>					
Euros per €0.51 (1998: Fl. 1) of ordinary capital	<b>2.14</b>	1.82	1.07	2.63	2.63
Euro cents per 1.4p (1998: 1.25p) of ordinary capital	<b>32.05</b>	27.27	16.08	39.48	39.47
<b>Ordinary dividends</b>					
NV – euros per €0.51 (1998: Fl. 1) of ordinary capital <sup>(d)</sup>	<b>1.70</b>	1.56	1.43	1.27	1.14
PLC – pence per 1.4p (1998: 1.25p) of ordinary capital	<b>16.04</b>	14.54	13.07	12.50	10.70
<b>Special ordinary dividends</b>					
NV – euros per Fl. 1 of ordinary capital <sup>(d)</sup>	<b>–</b>	–	–	–	6.58
PLC – pence per 1.25p of ordinary capital	<b>–</b>	–	–	–	66.13

<b>Consolidated balance sheet</b> <sup>(a)(e)</sup>	<b>€ million</b> 2002	<b>€ million</b> 2001	<b>€ million</b> 2000	<b>€ million</b> 1999	<b>€ million</b> 1998
Goodwill and intangible assets	<b>20 274</b>	24 964	26 390	643	284
Other fixed assets and investments	<b>8 115</b>	10 124	10 996	8 963	8 336
Stocks	<b>4 500</b>	5 343	5 421	5 124	4 747
Debtors	<b>8 231</b>	10 034	9 726	7 405	6 474
Acquired businesses held for resale	<b>–</b>	–	1 666	–	–
Total cash and current investments	<b>3 478</b>	2 301	3 273	5 473	10 383
<b>Total assets</b>	<b>44 598</b>	52 766	57 472	27 608	30 224
Creditors due within one year <sup>(f)</sup>	<b>(20 602)</b>	(23 212)	(28 364)	(12 134)	(17 976)
<b>Total assets less current liabilities</b>	<b>23 996</b>	29 554	29 108	15 474	12 248
Creditors due after one year	<b>11 574</b>	15 026	14 085	2 832	3 042
Provisions for liabilities and charges	<b>5 927</b>	6 871	6 431	4 608	4 321
Minority interests	<b>628</b>	664	618	579	408
Capital and reserves <sup>(f)</sup>	<b>5 867</b>	6 993	7 974	7 455	4 477
<b>Total capital employed</b>	<b>23 996</b>	29 554	29 108	15 474	12 248

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Unilever Group

## Consolidated cash flow statement <sup>(a)</sup>

	€ million 2002	€ million 2001	€ million 2000	€ million 1999	€ million 1998
<b>Cash flow from operating activities</b>	<b>7 883</b>	7 497	6 738	5 654	4 514
Dividends from joint ventures	<b>83</b>	82	38	28	24
Returns on investments and servicing of finance	<b>(1 386)</b>	(1 887)	(798)	(156)	67
Taxation	<b>(1 817)</b>	(2 205)	(1 734)	(1 443)	(1 261)
Capital expenditure and financial investment	<b>(1 706)</b>	(1 358)	(1 061)	(1 501)	(1 399)
Acquisitions and disposals	<b>1 755</b>	3 477	(27 373)	(362)	338
Dividends paid on ordinary share capital	<b>(1 580)</b>	(1 420)	(1 365)	(1 266)	(1 073)
Special dividend	–	–	–	(6 093)	–
<b>Cash flow before management of liquid resources and financing</b>	<b>3 232</b>	4 186	(25 555)	(5 139)	1 210
Management of liquid resources	<b>(592)</b>	1 106	2 464	5 675	(2 003)
Financing	<b>(2 591)</b>	(5 098)	22 902	(146)	42
<b>Increase/(decrease) in cash in the period</b>	<b>49</b>	194	(189)	390	(751)

## Key ratios <sup>(g)(e)</sup>

	2002	2001	2000	1999	1998
Return on shareholders' equity (%)	<b>31.7</b>	23.8	12.8	44.7	25.1
Return on capital employed (%)	<b>10.5</b>	8.8	7.8	22.6	16.2
Group operating margin (%)	<b>10.4</b>	10.0	6.7	10.5	10.9
Net profit margin (%)	<b>4.4</b>	3.6	2.3	6.8	7.3
Net interest cover (times)	<b>4.5</b>	3.2	5.1	319.0	–
Net interest cover based on EBITDA before exceptional items (times)	<b>7</b>	5	11	412	–
Net gearing (adjusted) (%)	<b>67</b>	72	73	–	–
Ratio of earnings to fixed charges (times)	<b>3.5</b>	2.7	3.2	8.1	9.7
Funds from operations after interest and tax before exceptional items over lease adjusted net debt (%)	<b>26</b>	18	14	250	–

## Selected financial data on a US GAAP basis <sup>(a)(h)(i)</sup>

	€ million 2002	€ million 2001	€ million 2000	€ million 1999	€ million 1998
Net profit	<b>4 309</b>	1 506	1 266	2 490	2 543
Capital and reserves	<b>11 699</b>	13 553	15 075	15 375	19 292
Combined earnings per share <sup>(c)</sup>					
Euros per €0.51 (1998: Fl. 1) of ordinary capital	<b>4.36</b>	1.48	1.24	2.36	2.27
Euro cents per 1.4p (1998: 1.25p) of ordinary capital	<b>65.51</b>	22.21	18.53	35.45	34.09
Diluted earnings per share					
Euros per €0.51 (1998: Fl. 1) of ordinary capital	<b>4.24</b>	1.44	1.20	2.30	2.22
Euro cents per 1.4p (1998: 1.25p) of ordinary capital	<b>63.56</b>	21.61	18.07	34.57	33.25
Ratio of earnings to fixed charges (times)	<b>4.7</b>	2.5	3.2	7.6	8.4
Net gearing (%)	<b>54.3</b>	62.0	62.8	–	–
Net interest cover (times)	<b>6.1</b>	3.1	5.0	178.4	–

## Notes

- (a) Amounts previously reported in guilders have been restated and are now reported in euros using the fixed conversion rate of €1.00 = Fl. 2.20371 that became effective on 1 January 1999.
- (b) Interest cost in 2000 includes €37 million of exceptional interest (see note 5 on page 78).
- (c) For the basis of the calculations of combined earnings per share see note 7 on page 79 and 80.
- (d) In 1999 and prior years, NV dividends were declared and paid in guilders. For comparative purposes, guilder values have been converted into euros in this table using the official rate of €1.00 = Fl. 2.20371. Full details of dividends for the years 1998 to 2002 are given on page 147.
- (e) Amounts restated following the implementation of FRS 19, see note 18 on page 94.
- (f) Figures for 1998 include the special dividend of €7 267 million assuming all shareholders had taken the cash dividend. Capital and reserves in 1999 reflect the increase of €1 382 million as a result of the issue of the preference shares.
- (g) Return on shareholders' equity is substantially influenced by the Group's policy prior to 1998, of writing off purchased goodwill in the year of acquisition as a movement in profit retained. Return on capital employed and net gearing are also influenced but to a lesser extent.
- (h) During the year ended 31 December 2002, Unilever recognised for US GAAP reporting purposes SFAS 142 which ceased amortisation of goodwill and indefinite-lived assets. Amortisation expense on goodwill and indefinite-lived intangible assets on a US GAAP basis for the years ended 31 December 2001, 2000, 1999 and 1998 were €1 748 million, €810 million, €369 million and €356 million respectively.
- (i) During the year ended 31 December 2002, Unilever changed its method of calculating expected return on plan assets for US GAAP purposes by adopting the actual fair market value at the balance sheet date rather than a market related value. Had this methodology been applied in previous years, it would have resulted in an increase in net income for the years ended 31 December 2001, 2000, 1999 and 1998 of €86 million, €210 million, €57 million and €83 million respectively.

**Definitions**

Return on shareholders' equity	Net profit attributable to ordinary shareholders expressed as a percentage of the average capital and reserves attributable to ordinary shareholders during the year.
Return on capital employed	The sum of profit on ordinary activities after taxation plus interest after taxation on borrowings due after more than one year, expressed as a percentage of the average capital employed during the year.
Group operating margin	Group operating profit expressed as a percentage of group turnover.
Operating margin	Operating profit expressed as a percentage of turnover.
Net profit margin	Net profit expressed as a percentage of group turnover.
Net interest cover	Profit on ordinary activities excluding associates before net interest and taxation divided by net interest excluding associates.
Net interest cover based on EBITDA (before exceptional items)	Earnings on ordinary activities excluding associates before net interest, taxation, depreciation and amortisation and exceptional items divided by net interest excluding associates.
Net gearing (adjusted)	Net debt (borrowings less cash and current investments) expressed as a percentage of the sum of capital and reserves, minority interests and net debt. In calculating capital and reserves, the book value of shares or certificates held in connection with share option plans is classified as fixed assets, rather than deducted from reserves as required by Netherlands law.
Net operating assets	The total of: <ul style="list-style-type: none"> <li>• goodwill and intangible assets of subsidiaries purchased after 1 January 1998</li> <li>• tangible fixed assets</li> <li>• stocks</li> <li>• debtors (excluding deferred taxation)</li> </ul> less: <ul style="list-style-type: none"> <li>• trade and other creditors (excluding taxation and dividend creditors)</li> <li>• provisions for liabilities and charges (excluding deferred taxation and deferred purchase consideration).</li> </ul>
Ratio of earnings to fixed charges	Earnings consist of net profit excluding joint ventures and associates increased by fixed charges and income taxes. Fixed charges consist of interest payable on debt and a portion of lease costs determined to be representative of interest. This ratio takes no account of interest receivable although Unilever's treasury operations involve both borrowing and depositing funds.
Funds from operations after interest and tax (before exceptional items) over lease adjusted net debt	Profit on ordinary activities excluding joint ventures and associates before depreciation and amortisation of goodwill and intangibles and exceptional items, and after actual tax paid and other non exceptional non cash items, expressed as a percentage of the lease adjusted net debt. Lease adjusted net debt is calculated by adding to the net debt five times the operational lease costs.
Weighted average cost of capital	The real cost of equity multiplied by the market capitalisation, plus the real after taxation interest cost of debt multiplied by the market value of the net debt, divided by the sum of the market values of debt and equity.

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Unilever Group

## By geographical area

	€ million 2002	€ million 2001	€ million 2000	€ million 1999	€ million 1998
<b>Group turnover</b>					
Europe	19 573	20 119	18 967	18 040	18 165
North America	12 446	13 767	11 631	8 838	8 417
Africa, Middle East and Turkey	3 139	3 191	3 296	3 048	3 034
Asia and Pacific	7 679	7 846	8 038	6 723	5 803
Latin America	5 433	6 591	5 650	4 328	5 018
	<b>48 270</b>	51 514	47 582	40 977	40 437
<b>Group operating profit</b>					
Europe	1 750	2 689	1 693	2 131	2 254
North America	1 435	1 092	48	847	942
Africa, Middle East and Turkey	286	203	321	302	268
Asia and Pacific	1 077	862	776	642	457
Latin America	493	328	343	381	489
	<b>5 041</b>	5 174	3 181	4 303	4 410
<b>Net operating assets</b>					
Europe	9 954	11 243	12 174	3 215	3 025
North America	8 945	12 091	11 814	1 996	1 738
Africa, Middle East and Turkey	1 097	1 082	1 075	1 034	936
Asia and Pacific	1 124	1 525	1 487	1 499	1 282
Latin America	3 614	6 256	7 526	1 520	1 370
	<b>24 734</b>	32 197	34 076	9 264	8 351
<b>Capital expenditure</b>					
Europe	552	631	605	652	687
North America	334	355	310	222	182
Africa, Middle East and Turkey	108	114	116	123	129
Asia and Pacific	170	217	183	148	158
Latin America	134	196	142	159	173
	<b>1 298</b>	1 513	1 356	1 304	1 329

## By operation

	€ million 2002	€ million 2001	€ million 2000	€ million 1999	€ million 1998
<b>Group turnover</b>					
Foods	26 937	28 155	23 898	20 339	20 919
Home & Personal Care	20 801	22 739	22 825	19 781	18 783
Other Operations	532	620	859	857	735
	<b>48 270</b>	51 514	47 582	40 977	40 437
<b>Group operating profit</b>					
Foods	2 185	2 303	1 735	1 788	1 801
Home & Personal Care	2 814	2 823	1 415	2 361	2 093
Other Operations	42	48	31	154	516
	<b>5 041</b>	5 174	3 181	4 303	4 410
<b>Net operating assets</b>					
Foods	22 768	28 960	30 341	5 315	4 891
Home & Personal Care	1 577	2 852	3 565	3 792	3 294
Other Operations	389	385	170	157	166
	<b>24 734</b>	32 197	34 076	9 264	8 351
<b>Capital expenditure</b>					
Foods	805	810	704	690	775
Home & Personal Care	466	678	619	577	510
Other Operations	27	25	33	37	44
	<b>1 298</b>	1 513	1 356	1 304	1 329

### Exchange rates and European Economic and Monetary Union

Before 1 January 1999, the guilder was a part of the European Monetary System ('EMS') exchange rate mechanism. Within this mechanism, exchange rates fluctuated within permitted margins, fixed by central bank intervention. Under the provisions of the Treaty on European Union negotiated at Maastricht in 1991 and signed by the then 12 member states of the European Union in early 1992, the European Monetary Union ('EMU') superseded the EMS on 1 January 1999 and the euro was introduced as the single European currency. Since this date, the euro has been the lawful currency of the EMU states. The following 11 member states participate in the EMU and adopted the euro as their national currency with effect from 1 January 1999: Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, The Netherlands, Portugal and Spain. Greece adopted the euro as the national currency with effect from 1 January 2001. The legal rate of conversion between the euro and the guilder was announced on 31 December 1998 at €1.00 = Fl. 2.20371. On 1 January 1999 the exchange rate for euro to pound sterling was €1.00 = £0.706.

The information in the following table is based on exchange rates between US dollars and guilders, euros and US dollars, sterling and guilders, and euros and sterling. These translation rates were used in preparation of the accounts.

	2002	2001	2000	1999	1998
<b>Year end</b>					
\$1 = Fl.					1.88
€1 = \$	<b>1.049</b>	0.885	0.930	1.005	
£1 = Fl.					3.12
€1 = £	<b>0.651</b>	0.611	0.624	0.621	
<b>Annual average</b>					
\$1 = Fl.					1.98
€1 = \$	<b>0.940</b>	0.895	0.921	1.065	
£1 = Fl.					3.29
€1 = £	<b>0.628</b>	0.622	0.609	0.659	

Noon Buying Rates in New York for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York were as follows:

	2002	2001	2000	1999	1998
<b>Year end</b>					
\$1 = Fl.					1.88
€1 = \$	<b>1.049</b>	0.890	0.939	1.007	
<b>Annual average</b>					
\$1 = Fl.					1.97
€1 = \$	<b>0.945</b>	0.895	0.923	1.065	
<b>High</b>					
\$1 = Fl.					2.09
€1 = \$	<b>1.049</b>	0.954	1.034	1.181	
<b>Low</b>					
\$1 = Fl.					1.81
€1 = \$	<b>0.859</b>	0.837	0.827	1.001	

High and low exchange rate values for each of the last six months:

	September 2002	October 2002	November 2002	December 2002	January 2003	February 2003
<b>High:</b>						
€1 = \$	0.996	0.988	1.014	1.049	1.086	1.088
<b>Low:</b>						
€1 = \$	0.969	0.971	0.990	0.993	1.036	1.071

# 118 Additional information for US investors

Unilever Group

Unilever's consolidated accounts are prepared in accordance with accounting principles which differ in some respects from those applicable in the United States. The following is a summary of the effect on the Group's net profit, combined earnings per share and capital and reserves of the application of United States generally accepted accounting principles (US GAAP).

	€ million 2002	€ million 2001	€ million 2000
<b>Net profit</b> as reported in the consolidated profit and loss account	<b>2 129</b>	1 838	1 105
Attributable to: <b>NV</b>	<b>1 681</b>	817	675
<b>PLC</b>	<b>448</b>	1 021	430
US GAAP adjustments:			
Currency retranslation written back on disposals	<b>(22)</b>	–	115
Goodwill	<b>1 074</b>	(124)	(45)
Identifiable intangibles	<b>284</b>	(118)	(128)
Restructuring costs	<b>34</b>	(18)	76
Interest	<b>(77)</b>	(55)	(68)
Derivative financial instruments	<b>201</b>	(119)	–
Pensions and similar liabilities	<b>143</b>	–	95
Gain on partial disposal of a group company	<b>56</b>	–	–
Taxation effect of above adjustments	<b>(35)</b>	108	116
Net increase/(decrease)	<b>1 658</b>	(326)	161
<b>Net income under US GAAP before cumulative effect of change in accounting principles for pensions and derivative financial instruments</b>	<b>3 787</b>	1 512	1 266
Cumulative effect of change in accounting principle net of tax charge of €249 million in 2002 and tax benefit of €3 million in 2001	<b>522</b>	(6)	–
<b>Net income under US GAAP</b>	<b>4 309</b>	1 506	1 266
Attributable to: <b>NV</b>	<b>3 220</b>	540	832
<b>PLC</b>	<b>1 089</b>	966	434
<b>Combined net income per share under US GAAP before cumulative effect of change in accounting principles</b>			
Euros per €0.51 of ordinary capital	<b>3.83</b>	1.49	1.24
Euro cents per 1.4p of ordinary capital	<b>57.49</b>	22.30	18.53
<b>Combined diluted net income per share under US GAAP before cumulative effect of change in accounting principles</b>			
Euros per €0.51 of ordinary capital	<b>3.72</b>	1.45	1.20
Euro cents per 1.4p of ordinary capital	<b>55.78</b>	21.70	18.07
<b>Cumulative effect of change in accounting principles – combined net income per share</b>			
Euros per €0.51 of ordinary capital	<b>0.53</b>	(0.01)	–
Euro cents per 1.4p of ordinary capital	<b>8.02</b>	(0.09)	–
<b>Cumulative effect of change in accounting principles – diluted combined net income per share</b>			
Euros per €0.51 of ordinary capital	<b>0.52</b>	(0.01)	–
Euro cents per 1.4p of ordinary capital	<b>7.78</b>	(0.09)	–

	€ million 2002	€ million 2001
<b>Capital and reserves</b> as reported in the consolidated balance sheet <sup>(a)</sup>	<b>5 867</b>	6 993
Attributable to: <b>NV</b>	<b>5 700</b>	4 889
<b>PLC</b>	<b>167</b>	2 104
US GAAP adjustments:		
Goodwill	<b>2 645</b>	2 436
Identifiable intangibles	<b>2 782</b>	3 009
Restructuring costs	<b>198</b>	166
Interest	<b>355</b>	432
Other comprehensive income effect of derivative financial instruments transition adjustment	<b>(61)</b>	(101)
Derivative financial instruments	<b>73</b>	(128)
Pensions and similar liabilities	<b>(975)</b>	538
Dividends	<b>1 119</b>	1 059
Taxation effect of above adjustments <sup>(a)</sup>	<b>(304)</b>	(851)
Net increase	<b>5 832</b>	6 560
<b>Capital and reserves under US GAAP</b>	<b>11 699</b>	13 553
Attributable to: <b>NV</b>	<b>9 902</b>	9 340
<b>PLC</b>	<b>1 797</b>	4 213

(a) Restated for FRS 19, see note 18 on page 94.

The aggregate amounts included in the consolidated Unilever Group capital and reserves (under Unilever accounting principles) in respect of cumulative currency translation adjustments are as follows:

	€ million 2002	€ million 2001	€ million 2000
Balance 1 January	<b>(4 745)</b>	(3 669)	(3 411)
Arising during the year	<b>(1 517)</b>	(1 076)	(258)
Balance 31 December	<b>(6 262)</b>	(4 745)	(3 669)
The aggregate amounts of foreign currency transaction gains and (losses) charged in the consolidated profit and loss account are:	<b>(84)</b>	(30)	8

The consolidated accounts of the Unilever Group have been prepared in accordance with accounting principles which differ in certain respects from those generally accepted in the United States (US GAAP).

The principal differences are set out below.

### Profit or loss on disposal of businesses

Unilever calculates profit or loss on sale of businesses after writing back any goodwill previously written off directly to reserves as a movement in profit retained. Under US GAAP the profit or loss on disposal of the businesses is stated net of the relevant unamortised goodwill included on the balance sheet and the cumulative currency retranslation differences recognised through the statement of total recognised gains and losses.

Under UK GAAP, gains on the partial disposal of group companies involving non-monetary consideration are recorded in the statement of total recognised gains and losses. Under US GAAP, these gains are recorded in the profit and loss account.

### Goodwill and other intangibles

Under UK and Netherlands GAAP, goodwill (being the difference between the fair value of consideration paid for new interests in group companies, joint ventures and associated companies and the fair value of the Group's share of their net assets at the date of acquisition) and identifiable intangible assets purchased after 1 January 1998 are capitalised and amortised in operating profit over the period of their expected useful life, up to a maximum of 20 years. Periods in excess of five years are used only where the directors are satisfied that the life of these assets will clearly exceed that period. Goodwill and intangible assets purchased prior to 1 January 1998 were written off in the year of acquisition as a movement in profits retained.

On disposal of a business acquired prior to 1 January 1998, purchased goodwill written off on acquisition is reinstated in arriving at the profit or loss on disposal.

Under US GAAP prior to 1 January 2002, purchased goodwill and identifiable intangibles were capitalised and amortised over their useful lives. From 1 January 2002, under SFAS 142, the amortisation of goodwill and identifiable intangibles that have indefinite useful lives ceased. Intangible assets that have finite useful lives continue to be amortised over their useful lives.

# 120 Additional information for US investors

Unilever Group

Goodwill and identifiable intangible assets that have indefinite lives are assessed annually for impairment. Within six months of the initial application of SFAS 142, management completed an impairment assessment and have concluded that there is no impairment of goodwill or identifiable intangible assets with indefinite lives.

An analysis of goodwill by reporting segment is given below:

€ million	Savoury and dressings	Spreads and cooking products	Health & wellness and beverages	Ice cream and frozen foods	Home care and professional cleaning	Personal care	Other operations	Total
As at 1 January 2002	16 620	212	1 685	1 135	733	633	–	21 018
Currency retranslation	(2 540)	(32)	(255)	(171)	(112)	(97)	–	(3 207)
Acquisitions/disposals	126	100	(36)	(17)	(168)	26	–	31
As at 31 December 2002	14 206	280	1 394	947	453	562	–	17 842

Had the Group accounted for its goodwill and identifiable intangible assets that have indefinite lives under SFAS 142 for the years ending 31 December 2001 and 2000, the impact on reported results would have been as follows:

	€ million 2001	€ million 2000
<b>Net income under US GAAP</b>	1 506	1 266
Amortisation, net of tax:		
Goodwill	1 266	624
Intangibles	404	141
Adjusted net income under US GAAP	3 176	2 031
Adjusted net income per share	3.18	2.01
Adjusted diluted net income per share	3.09	1.96

Indefinite lived intangible assets principally comprise trademarks and have a net book value of €6 726 million as at 31 December 2002. Finite lived intangible assets principally comprise technologies and have a net book value of €567 million, net of accumulated amortisation of €72 million, as at 31 December 2002. Amortisation expense recorded in the year in respect of finite lived intangible assets was €36 million. This expense is not expected to change materially over the next five years.

## Restructuring costs

Under Unilever's accounting policy certain restructuring costs relating to employee terminations are recognised when a restructuring plan has been announced. Under US GAAP, additional criteria must be met before such charges are recognised.

## Interest

Unilever treats all interest costs as a charge to the profit and loss account in the current period. Under US GAAP interest incurred during the construction periods of tangible fixed assets is capitalised and depreciated over the life of the assets.

## Derivative financial instruments

### Transition adjustment

Unilever applied the provisions of SFAS 133 'Accounting for Derivative Instruments and Hedging Activities' in this divergence statement as from 1 January 2001. In accordance with the transition provisions of SFAS 133, an adjustment of €6 million (net of tax of €3 million) was recorded as the cumulative effect of a change in accounting principle to recognise the fair value of all the Group's derivative financial instruments and hedge items under US GAAP. In addition, Unilever recorded a one-time unrealised loss of €85 million (net of tax of €37 million) to consolidated other comprehensive income under US GAAP. During the year ended 31 December 2002, a reclassification of derivative losses from other comprehensive income to net income of €40 million was recorded as a result of the underlying hedged transactions which impacted earnings.

### Hedging policy

Unilever's accounting policies in respect of derivative financial instruments are described in the accounting information and policies on page 68. Unilever has not designated any of its derivative instruments as qualifying hedge instruments under SFAS 133 and, accordingly, this divergence statement assumes that derivative financial instruments are valued at fair value and that changes in their value are reflected in earnings.

## Pensions

Under Unilever's accounting policy the expected costs of providing retirement pensions are charged to the profit and loss account over the periods benefiting from the employees' services. Variations from expected cost are similarly spread. Under US GAAP, pension costs and liabilities are calculated in accordance with SFAS 87, which requires the use of a prescribed actuarial method and a prescribed set of measurement principles.

Under US GAAP an additional minimum liability is recognised and a charge made to other comprehensive income when the accumulated benefit obligation exceeds the fair value of plan assets to the extent that this amount is not covered by the net liability recognised in the balance sheet.

With effect from 1 January 2002, and for the purposes of determining the expected return on plan assets, Unilever changed the method of valuing its pension plan assets from a market related value calculated by smoothing gains and losses over a five year period to an actual fair value at the balance sheet date. Management believe that the actual fair value methodology provides a better representation of the financial position and results of Unilever's pension plans.

The impact of this change in methodology on reported results under US GAAP is given in the table below:

	€ million		€ million	
	2001		2000	
Net income under US GAAP	1 506		1 266	
Change in basis of expected return on plan assets calculation	86		210	
Adjusted net income under US GAAP	1 592		1 476	
	Euro per €0.51		Euro cents per 1.4p	
	2001	2000	2001	2000
Adjusted net income per share	1.57	1.45	23.52	21.71
Adjusted diluted net income per share	1.52	1.41	22.89	21.18

As required under US APB 20 for a change in accounting policy, a cumulative effect adjustment has been calculated to record the impact of the change as if the fair value methodology had been the accounting policy from the initial adoption of SFAS 87 by Unilever. The cumulative effect adjustment net of tax is €522 million in 2002.

## Investments

Unilever accounts for current investments, which are liquid funds temporarily invested, at their market value, which is consistent with UK GAAP.

Unilever accounts for changes in the market value of current investments as interest receivable in the profit and loss account for the year. Under US GAAP, such current asset investments are classified as 'available for sale securities' and changes in market values, which represent unrealised gains or losses, are excluded from earnings and taken to stockholders' equity. Unrealised gains and losses arising from changes in the market values of securities available for sale are not material.

Unilever accounts for fixed investments other than in joint ventures and associates at cost less any amounts written off to reflect a permanent impairment. Under US GAAP such investments are held at fair value. The difference is not material.

## Dividends

The proposed final ordinary dividends are provided for in the Unilever accounts in the financial year to which they relate. Under US GAAP such dividends are not provided for until they become irrevocable.

## Deferred taxation

Unilever has restated its deferred tax charge for the year ended 31 December 2000, and its deferred tax balances as at 31 December 2001 to comply with the new UK accounting standard FRS 19, as described in note 18 on page 94. Under FRS 19, deferred tax is not recognised on fair value adjustments made to assets acquired; under US GAAP, deferred tax is recorded on all fair value adjustments. Also, as described on page 94, FRS 19 has changed the treatment of deferred tax on tax-deductible goodwill previously written off to reserves. Such goodwill is reinstated, net of amortisation, under US GAAP, and the tax effect of such restatement has been adjusted accordingly.

## Classification differences between UK and US GAAP

### Revenue recognition

Under US GAAP, certain sales incentive expenses which have been included in operating costs under Unilever's accounting would be deducted from turnover. The decrease in turnover for the years to 31 December 2002, 2001 and 2000 is €1 337 million, €1 279 million and €1 237 million respectively. There is no impact on Unilever's net profit.

### Cash flow statement

Under US GAAP, various items would be reclassified within the consolidated cash flow statement. In particular, interest received, interest paid and taxation would be part of net cash flow from operating activities, and dividends paid would be included within net cash flow from financing. In addition, under US GAAP, cash and cash equivalents comprise cash balances and current investments with an original maturity at the date of investment of less than three months. Under Unilever's presentation, cash includes only cash in hand or available on demand less bank overdrafts. Movements in those current investments which are included under the heading of cash and cash equivalents under US GAAP form part of the movement entitled 'Management of liquid resources' in the cash flow statements. At 31 December 2002, the balance of such investments was €45 million (2001: €9 million; 2000: €58 million).

### Recently issued accounting pronouncements

In August 2001, FASB issued SFAS 143, 'Accounting for Asset Retirement Obligations'. This statement is effective from January 2003 and requires obligations associated with the retirement of a tangible long-lived asset to be recorded as a liability upon acquisition of the asset. SFAS 143 would not have a material impact on Unilever's financial position or results of operations.

In July 2002, the FASB issued SFAS 146, 'Accounting for Costs Associated with Exit or Disposal Activities'. This standard will require Unilever to recognise certain costs associated with disposal activities when they are incurred, rather than at the date of a commitment to a disposal plan. SFAS 146 is effective for disposal activities initiated after 31 December 2002. Given the nature of disposal plans, it is not possible to determine in advance the impact it might have on Unilever's financial position at a particular date or Unilever's results of operations for a particular period in the future. For 2002, the impact is shown against restructuring costs in the US GAAP reconciliation statements on pages 118 and 119.

In December 2002, the FASB issued SFAS 148, 'Accounting for Stock-Based Compensation - Transition and Disclosure - an Amendment of SFAS No. 123'. This standard provides two additional transition methods for companies electing to adopt the fair value accounting provisions of SFAS 123, 'Accounting for Stock-Based Compensation', but does not change the fair value measurement principles of SFAS 123. When Unilever adopts the fair value method for accounting for stock options, we expect to use full retrospective restatement. The impact of this is shown in the table on page 104.

In November 2002, the FASB issued Financial Interpretation No. 45 (FIN 45), 'Guarantor's and Disclosure Requirements for Guarantees, Including Direct Guarantees'. Under this interpretation, a guarantor must recognise the fair value of the obligation undertaken in issuing a guarantee. The initial recognition and initial measurement provisions of this interpretation are applicable on a prospective basis to guarantees issued or modified after 31 December 2002. FIN 45 is not expected to have a material impact on Unilever's financial position or results of operations.

In January 2003, the FASB issued Financial Interpretation No. 46 (FIN 46), 'Consolidation of Variable Interest Entities'. Under this interpretation, certain entities known as variable interest entities must be consolidated by the primary beneficiary of the entity. The measurement principles of this interpretation will be effective for Unilever's 2003 financial statements. FIN 46 is not expected to have any impact on Unilever's financial position or results of operations.

### Documents on display in the United States

Unilever files and furnishes reports and information with the United States Securities and Exchange Commission (SEC), and such reports and information can be inspected and copied at the SEC's public reference facilities in Washington DC, Chicago and New York. Certain of our reports and other information that we file or furnish to the SEC are also available to the public over the internet on the SEC's website at [www.sec.gov](http://www.sec.gov).

## Guarantor statements

On 2 October 2000, NV and Unilever Capital Corporation (UCC) filed a US \$15 billion Shelf registration, which is unconditionally and fully guaranteed, jointly and severally, by NV, PLC and Unilever United States, Inc. (UNUS). Of the US \$15 billion Shelf registration, US \$5.75 billion of Notes were outstanding at 31 December 2002 (2001: US \$7 billion) with coupons ranging from 5.90% to 7.125%. These Notes are to be repaid between 1 November 2003 and 15 November 2032.

Provided below are the profit and loss accounts, cash flow statements and balance sheets of each of the companies discussed above, together with the profit and loss account, cash flow statement and balance sheet of non-guarantor subsidiaries. These have been prepared under the historical cost convention, and, aside from the basis of accounting for investments at net asset value (equity accounting), comply in all material respects with Netherlands law and with United Kingdom Accounting Standards. Divergences from US GAAP are disclosed on pages 118 to 122. We have not provided reconciliations from the accounting principles used by Unilever to US GAAP for the columns relating to the guarantor entities, as such reconciliations would not materially affect an investor's understanding of the nature of this guarantee. The financial information in respect of NV, PLC and UNUS has been prepared with all subsidiaries accounted for on an equity basis. The financial information in respect of the non-guarantor subsidiaries has been prepared on a consolidated basis.

€ million	Unilever Capital Corporation subsidiary issuer	Unilever N.V. parent issuer/guarantor	Unilever PLC parent guarantor	Unilever United States Inc. subsidiary guarantor	Non-guarantor subsidiaries	Eliminations	Unilever Group
<b>Profit and loss account for the year ended 31 December 2002</b>							
<b>Group turnover</b>	–	–	–	–	48 270	–	48 270
Operating costs	–	89	(53)	(34)	(43 231)	–	(43 229)
<b>Group operating profit</b>	–	89	(53)	(34)	5 039	–	5 041
Share of operating profit of joint ventures	–	–	–	–	84	–	84
<b>Operating profit</b>	–	89	(53)	(34)	5 123	–	5 125
Share of operating profit of associates	–	–	–	–	34	–	34
Dividends	–	3 779	1 011	–	(4 790)	–	–
Other income from fixed investments	–	–	–	–	(7)	–	(7)
Interest	(395)	(206)	(83)	(1)	(488)	–	(1 173)
Intercompany finance costs	403	450	(3)	(89)	(761)	–	–
<b>Profit on ordinary activities before taxation</b>	8	4 112	872	(124)	(889)	–	3 979
Taxation	(3)	(41)	(3)	46	(1 537)	–	(1 538)
<b>Profit on ordinary activities after taxation</b>	5	4 071	869	(78)	(2 426)	–	2 441
Minority interests	–	–	–	–	(312)	–	(312)
Equity earnings of subsidiaries	–	(1 942)	1 260	136	–	546	–
<b>Net profit</b>	5	2 129	2 129	58	(2 738)	546	2 129

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Unilever Group

€ million	Unilever Capital Corporation subsidiary issuer	Unilever N.V. parent issuer/ guarantor	Unilever PLC parent guarantor	Unilever United States Inc. subsidiary guarantor	Non- guarantor subsidiaries	Eliminations	Unilever Group
<b>Profit and loss account for the year ended 31 December 2001</b>							
<b>Group turnover</b>	–	–	–	–	51 514	–	51 514
Operating costs	–	(27)	82	4	(46 399)	–	(46 340)
<b>Group operating profit</b>	–	(27)	82	4	5 115	–	5 174
Share of operating profit of joint ventures	–	–	–	–	84	–	84
<b>Operating profit</b>	–	(27)	82	4	5 199	–	5 258
Dividends	–	2 202	738	–	(2 940)	–	–
Other income from fixed investments	–	–	–	–	12	–	12
Interest	(782)	(444)	(177)	2	(245)	–	(1 646)
Intercompany finance costs	1 010	423	72	(424)	(1 081)	–	–
<b>Profit on ordinary activities before taxation</b>	228	2 154	715	(418)	945	–	3 624
Taxation	(84)	(98)	(24)	155	(1 496)	–	(1 547)
<b>Profit on ordinary activities after taxation</b>	144	2 056	691	(263)	(551)	–	2 077
Minority interests	–	–	–	–	(239)	–	(239)
Equity earnings of subsidiaries	–	(218)	1 147	(315)	–	(614)	–
<b>Net profit</b>	144	1 838	1 838	(578)	(790)	(614)	1 838
<b>Profit and loss account for the year ended 31 December 2000</b>							
<b>Group turnover</b>	–	–	–	–	47 582	–	47 582
Operating costs	–	256	8	(19)	(44 646)	–	(44 401)
<b>Group operating profit</b>	–	256	8	(19)	2 936	–	3 181
Share of operating profit of joint ventures	–	–	–	–	57	–	57
<b>Operating profit</b>	–	256	8	(19)	2 993	–	3 238
Dividends	–	706	734	–	(1 440)	–	–
Other income from fixed investments	–	–	–	–	(4)	–	(4)
Interest	(268)	(218)	(69)	13	(90)	–	(632)
Intercompany finance costs	270	375	(6)	(328)	(311)	–	–
<b>Profit on ordinary activities before taxation</b>	2	1 119	667	(334)	1 148	–	2 602
Taxation	(1)	(63)	(2)	123	(1 339)	–	(1 282)
<b>Profit on ordinary activities after taxation</b>	1	1 056	665	(211)	(191)	–	1 320
Minority interests	–	–	–	–	(215)	–	(215)
Equity earnings of subsidiaries	–	49	440	(618)	–	129	–
<b>Net profit</b>	1	1 105	1 105	(829)	(406)	129	1 105

€ million	Unilever Capital Corporation subsidiary issuer	Unilever N.V. parent issuer/ guarantor	Unilever PLC parent guarantor	Unilever United States Inc. subsidiary guarantor	Non- guarantor subsidiaries	Eliminations	Unilever Group
<b>Cash flow statement for the year ended 31 December 2002</b>							
<b>Cash flow from group operating activities</b>							
Dividends from joint ventures	34	222	(52)	(45)	7 724	–	7 883
Returns on investments and servicing of finance	–	–	–	–	83	–	83
Taxation	16	155	(105)	(50)	(1 402)	–	(1 386)
Capital expenditure and financial investment	–	(6)	142	(335)	(1 618)	–	(1 817)
Acquisitions and disposals	–	(554)	(42)	16	(1 126)	–	(1 706)
Dividends paid on ordinary share capital	–	–	–	–	1 755	–	1 755
	–	(910)	(689)	–	–	19	(1 580)
<b>Cash flow before management of liquid resources and financing</b>							
Management of liquid resources	50	(1 093)	(746)	(414)	5 416	19	3 232
Financing	2	(126)	–	–	(468)	–	(592)
	(53)	1 547	578	419	(5 082)	–	(2 591)
<b>Increase/(decrease) in cash in the period</b>							
	(1)	328	(168)	5	(134)	19	49
<b>Cash flow statement for the year ended 31 December 2001</b>							
<b>Cash flow from group operating activities</b>							
Dividends from joint ventures	24	2	92	66	7 313	–	7 497
Returns on investments and servicing of finance	–	–	–	–	82	–	82
Taxation	202	2 092	900	(422)	(4 659)	–	(1 887)
Capital expenditure and financial investment	–	(53)	(154)	(502)	(1 496)	–	(2 205)
Acquisitions and disposals	–	(369)	(32)	310	(1 267)	–	(1 358)
Dividends paid on ordinary share capital	–	–	–	–	3 477	–	3 477
	–	(818)	(614)	–	–	12	(1 420)
<b>Cash flow before management of liquid resources and financing</b>							
Management of liquid resources	226	854	192	(548)	3 450	12	4 186
Financing	50	428	400	–	228	–	1 106
	(273)	(1 422)	(592)	551	(3 362)	–	(5 098)
<b>Increase/(decrease) in cash in the period</b>							
	3	(140)	–	3	316	12	194
<b>Cash flow statement for the year ended 31 December 2000</b>							
<b>Cash flow from group operating activities</b>							
Dividends from joint ventures	(80)	361	(5)	(19)	6 481	–	6 738
Returns on investments and servicing of finance	–	–	–	–	38	–	38
Taxation	103	865	677	(315)	(2 128)	–	(798)
Capital expenditure and financial investment	–	23	128	(301)	(1 584)	–	(1 734)
Acquisitions and disposals	–	(202)	7	(320)	(546)	–	(1 061)
Dividends paid on ordinary share capital	–	–	–	–	(27 373)	–	(27 373)
	–	(762)	(611)	–	–	8	(1 365)
<b>Cash flow before management of liquid resources and financing</b>							
Management of liquid resources	23	285	196	(955)	(25 112)	8	(25 555)
Financing	802	1 652	(628)	–	638	–	2 464
	(832)	(1 642)	432	946	23 998	–	22 902
<b>Increase/(decrease) in cash in the period</b>							
	(7)	295	–	(9)	(476)	8	(189)

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Unilever Group

€ million	Unilever Capital Corporation subsidiary issuer	Unilever N.V. parent issuer/ guarantor	Unilever PLC parent guarantor	Unilever United States Inc. subsidiary guarantor	Non- guarantor subsidiaries	Eliminations	Unilever Group
<b>Balance sheet as at 31 December 2002</b>							
Goodwill and intangible assets	–	–	5	–	20 269	–	20 274
Tangible fixed assets	–	–	–	5	7 431	–	7 436
Fixed investments	–	576	–	10 296	92	(10 285)	679
Net assets of subsidiaries (equity accounted)	–	9 337	7 827	(9 223)	(14 344)	6 403	–
<b>Fixed assets</b>	–	9 913	7 832	1 078	13 448	(3 882)	28 389
Stocks	–	–	–	–	4 500	–	4 500
Amounts due from group companies	6 025	20 303	1 107	3 996	(31 431)	–	–
Debtors due within one year	–	299	32	1 222	4 322	–	5 875
Debtors due after more than one year	43	–	42	14	2 257	–	2 356
Cash and current investments	9	780	51	–	2 638	–	3 478
<b>Current assets</b>	6 077	21 382	1 232	5 232	(17 714)	–	16 209
Borrowings	(1 780)	(4 540)	(1 407)	(4)	(1 780)	–	(9 511)
Amounts due to group companies	–	(14 121)	(1 156)	–	15 277	–	–
Trade and other creditors	(64)	(1 248)	(619)	(125)	(9 035)	–	(11 091)
<b>Creditors due within one year</b>	(1 844)	(19 909)	(3 182)	(129)	4 462	–	(20 602)
<b>Total assets less current liabilities</b>	4 233	11 386	5 882	6 181	196	(3 882)	23 996
Borrowings	4 027	5 257	–	–	1 649	–	10 933
Trade and other creditors	–	–	–	76	565	–	641
<b>Creditors due after more than one year</b>	4 027	5 257	–	76	2 214	–	11 574
<b>Provisions for liabilities and charges</b>	–	262	15	495	5 155	–	5 927
<b>Minority interests</b>	–	–	–	–	628	–	628
Capital and reserves attributable to:							
PLC	–	164	–	–	–	(164)	–
NV	–	–	5 699	–	–	(5 699)	–
Called up share capital	–	421	222	–	(1)	–	642
Share premium account	–	1 399	145	–	(3)	–	1 541
Other reserves	–	(1 498)	(595)	(365)	(573)	938	(2 093)
Profit retained	206	5 381	396	5 975	(7 224)	1 043	5 777
<b>Total capital and reserves</b>	206	5 867	5 867	5 610	(7 801)	(3 882)	5 867
<b>Total capital employed</b>	4 233	11 386	5 882	6 181	196	(3 882)	23 996

€ million	Unilever Capital Corporation subsidiary issuer	Unilever N.V. parent issuer/ guarantor	Unilever PLC parent guarantor	Unilever United States Inc. subsidiary guarantor	Non- guarantor subsidiaries	Eliminations	Unilever Group
<b>Balance sheet as at 31 December 2001</b>							
Goodwill and intangible assets	–	–	–	–	24 964	–	24 964
Tangible fixed assets	–	–	–	6	9 234	–	9 240
Fixed investments	–	280	–	10	594	–	884
Net assets of subsidiaries (equity accounted)	–	9 496	9 185	11 432	(10 790)	(19 323)	–
<b>Fixed assets</b>	–	9 776	9 185	11 448	24 002	(19 323)	35 088
Stocks	–	–	–	–	5 343	–	5 343
Amounts due from group companies	12 327	19 177	3 156	–	(34 660)	–	–
Debtors due within one year	–	197	70	816	6 102	–	7 185
Debtors due after more than one year	88	–	–	33	2 728	–	2 849
Cash and current investments	14	361	226	–	1 700	–	2 301
<b>Current assets</b>	12 429	19 735	3 452	849	(18 787)	–	17 678
Borrowings	(837)	(5 937)	(1 707)	(11)	(2 787)	–	(11 279)
Amounts due to group companies	(5 924)	(9 443)	(2 209)	(4 755)	22 331	–	–
Trade and other creditors	(65)	(959)	(463)	96	(10 542)	–	(11 933)
<b>Creditors due within one year</b>	(6 826)	(16 339)	(4 379)	(4 670)	9 002	–	(23 212)
<b>Total assets less current liabilities</b>	5 603	13 172	8 258	7 627	14 217	(19 323)	29 554
Borrowings	5 365	5 883	1 249	–	1 724	–	14 221
Trade and other creditors	–	–	–	77	728	–	805
<b>Creditors due after more than one year</b>	5 365	5 883	1 249	77	2 452	–	15 026
<b>Provisions for liabilities and charges</b>	84	296	16	95	6 380	–	6 871
<b>Minority interests</b>	–	–	–	–	664	–	664
Capital and reserves attributable to:							
PLC	–	2 101	–	–	–	(2 101)	–
NV	–	–	4 889	–	–	(4 889)	–
Called up share capital	–	421	222	–	(1)	–	642
Share premium account	–	1 399	154	–	(2)	–	1 551
Other reserves	–	(1 077)	(540)	(260)	(358)	618	(1 617)
Profit retained	154	4 149	2 268	7 715	5 082	(12 951)	6 417
<b>Total capital and reserves</b>	154	6 993	6 993	7 455	4 721	(19 323)	6 993
<b>Total capital employed</b>	5 603	13 172	8 258	7 627	14 217	(19 323)	29 554

# 128 Principal group companies and fixed investments

As at 31 December 2002  
Unilever Group

The companies listed below and on pages 129 to 131 are those which in the opinion of the directors, principally affect the amount of profit and assets shown in the Unilever Group accounts.

The directors consider that those companies not listed are not significant in relation to Unilever as a whole.

Full information as required by Articles 379 and 414 of Book 2 of the Civil Code in the Netherlands has been filed by Unilever N.V. with the Commercial Registry in Rotterdam.

Particulars of PLC group companies and other significant holdings as required by the United Kingdom Companies Act 1985 will be annexed to the next Annual Return of Unilever PLC.

The main activities of the companies listed below are indicated according to the following key:

Holding companies	H
Foods	F
Home & Personal Care	P
Other Operations	O

Unless otherwise indicated, the companies are incorporated and principally operate in the countries under which they are shown.

The aggregate percentage of equity capital directly or indirectly held by NV or PLC is shown in the margin, except where it is 100%. All these percentages are rounded down to the nearest whole number.

Shares in the companies listed are usually held directly or indirectly by one of NV or PLC. A long standing exception is in the United States where companies are jointly owned by NV (73%) and PLC (27%). As a result of the Bestfoods integration during 2002, the shares of certain Bestfoods and Unilever companies (or their merged successor) are held partly by Unilever United States, Inc. and, as a consequence, both NV and PLC have indirect shareholdings in them. The percentage of Unilever's shareholdings held either directly or indirectly by NV and PLC are identified in the tables according to the following code:

NV 100%	a
PLC 100%	b
NV 73%; PLC 27%	c
NV 88%; PLC 12%	d
NV 21%; PLC 79%	e
NV 2%; PLC 98%	f

## Principal group companies

%	Europe	Ownership	Activity
<b>Austria</b>			
	Österreichische Unilever Ges.m.b.H.	d	FP
<b>Belgium</b>			
99	Bestfoods Belgium B.V.B.A/S.P.R.L.	d	F
	Unilever Belgium N.V./S.A.	d	FP
<b>Bulgaria</b>			
	Unilever Bulgaria E.O.O.D.	a	FP
<b>Croatia</b>			
	Unilever Croatia d.o.o.	a	FP
<b>Czech Republic</b>			
	Unilever ČR s.r.o.	a	FP

%	Europe continued	Ownership	Activity
<b>Denmark</b>			
	Unilever Bestfoods A/S	d	F
	Unilever Danmark A/S	a	FP
<b>Estonia</b>			
	Unilever Eesti OU	a	FP
<b>Finland</b>			
	Suomen Unilever Oy	a	FP
<b>France</b>			
99	Amora Maille Société Industrielle S.A.S.	d	F
99	Bestfoods France Société Industrielle S.A.	d	F
99	Cogesal-Miko S.A.S.	d	F
99	FRALIB Sourcing Unit S.A.	d	F
99	Frigedoc S.A.	d	F
99	Lever Fabergé France S.A.	d	P
99	Unilever Bestfoods France S.A.	d	F
99	Unilever France S.A.S.	d	H
<b>Germany</b>			
	Langnese-Iglo GmbH	d	F
	Lever Fabergé Deutschland GmbH	d	P
	Monda Beteiligungs GmbH	d	F
	Monda IPR GmbH & Co. OHG <sup>(1)</sup>	d	F
	Monda Vermögensverwaltungs GmbH & Co. OHG <sup>(1)</sup>	d	F
	Pfanni GmbH & Co. OHG Stavenhagen <sup>(1)</sup>	d	F
	PW Vermietungs GmbH & Co. KG <sup>(1)</sup>	d	F
	UBG Vermietungs GmbH & Co. OHG <sup>(1)</sup>	d	H
	Unilever Bestfoods Deutschland GmbH	d	F
	Unilever Beteiligungs GmbH	d	H
	Unilever Deutschland GmbH	d	H
<b>Greece</b>			
67	'Elais' Oleaginous Products S.A.	a	F
	Unilever Hellas A.E.B.E.	a	FP
<b>Hungary</b>			
	Unilever Magyarország Kft	a	FP
<b>Ireland</b>			
	Lever Fabergé Ireland Ltd.	b	P
	Unilever Bestfoods (Ireland) Limited.	b	F
<b>Italy</b>			
	Lever Fabergé Italia Srl	d	P
	Sagit Srl	d	F
	Unilever Bestfoods Italia Srl	d	F
	Unilever Italia SpA	d	H
<b>Latvia</b>			
	Unilever Baltic LLC	a	FP
<b>Lithuania</b>			
	Unilever Lietuva UAB	a	FP

<sup>(1)</sup> Due to the inclusion of the partnerships in the consolidated group accounts of Unilever, para 264(b) of the German trade law grants an exemption from the duty to prepare individual statutory financial statements and management reports in accordance with the requirements for limited liability companies and to have these audited.

# Principal group companies and fixed investments 129

As at 31 December 2002  
Unilever Group

## Principal group companies continued

%	Europe continued	Ownership	Activity
<b>The Netherlands</b>			
	Iglo Mora Groep B.V.	a	F
	Lever Fabergé Nederland B.V.	a	P
	Mixhold B.V.	d	H
	Unilever Bestfoods Nederland B.V.	d	F
	Unilever N.V. <sup>(2)</sup>		H
	Unilever Nederland B.V.	a	H
<b>Norway</b>			
	Unilever Bestfoods A/S	a	F
<b>Poland</b>			
99	Unilever Polska S.A.	d	FP
<b>Portugal</b>			
74	IgloOlá-Distribuição de Gelados e de Ultracongelados Lda.	a	F
60	LeverElida-Distribuição de Produtos de Limpeza e Higiene Pessoal Lda.	a	P
	Unilever Bestfoods Portugal-Produtos Alimentares S.A.	d	F
<b>Romania</b>			
99	Unilever South Central Europe S.R.L.	a	FP
<b>Russia</b>			
	Unilever SNG	a	FP
<b>Slovakia</b>			
	Unilever Slovensko spol. sr. o.	a	FP
<b>Slovenia</b>			
	Unilever Slovenia d.o.o.	a	FP
<b>Spain</b>			
	Unilever España S.A.	a	HP
	Unilever Foods España S.A.	a	F
<b>Sweden</b>			
	GB Glace AB	a	F
	Lever Fabergé AB	a	P
	Unilever Bestfoods AB	a	F
<b>Switzerland</b>			
	Knorr Nahrungsmittel AG	d	H
	Lever Fabergé GmbH	d	P
	Meina Holding AG	d	H
51	Lusso Foods AG	d	F
	Sunlight AG	a	O
	Unilever Bestfoods Schweiz GmbH	d	F
	Unilever Cosmetics International S.A.	a	P
	Unilever (Schweiz) AG	a	O
	Unilever Swiss Holdings AG	a	H
	Unilever Raw Materials AG	a	F
<b>Ukraine</b>			
	Unilever Ukraine LLCM	a	FP

<sup>(2)</sup> See 'Basis of consolidation' on page 66.

<sup>(3)</sup> A division of Conopco, Inc., a subsidiary of Unilever United States, Inc.

%	Europe continued	Ownership	Activity
<b>United Kingdom</b>			
	Ben & Jerry's Homemade Ltd.	e	F
	Birds Eye Wall's Ltd.	e	F
	Lever Fabergé Ltd.	b	P
	Lipton Ltd.	b	F
	Slim-Fast Foods Ltd.	b	F
	Unilever Bestfoods UK Ltd.	e	F
	Unilever Cosmetics International (UK) Ltd.	b	P
	Unilever PLC <sup>(2)</sup>		H
	Unilever UK Central Resources Ltd.	b	O
	Unilever UK Holdings Ltd.	b	H
	Unilever UK & CN Holdings Ltd.	e	H
<b>North America</b>			
<b>Canada</b>			
	Bestfoods Canada Inc.	e	F
	Bestfoods Holdings Inc., Canada	e	H
	U L Canada Inc.	e	FP
<b>United States of America</b>			
	Ben & Jerry's Homemade Inc.	c	F
	Good Humor-Breyers Ice Cream <sup>(3)</sup>	c	F
	Slim-Fast Foods Company <sup>(3)</sup>	c	F
	Unilever Bestfoods <sup>(3)</sup>	c	F
	Unilever Bestfoods Foodsolutions <sup>(3)</sup>	c	F
	Unilever Capital Corporation	c	O
	Unilever Cosmetics International <sup>(3)</sup>	c	P
	Unilever Home & Personal Care <sup>(3)</sup>	c	P
	Unilever Ice Cream <sup>(3)</sup>	c	F
	Unilever United States, Inc.	c	H
<b>Africa, Middle East and Turkey</b>			
<b>Algeria</b>			
60	Unilever Algérie SPA	a	P
<b>Côte d'Ivoire</b>			
90	Unilever Côte d'Ivoire	b	FPO
<b>Democratic Republic of Congo</b>			
76	Plantations et Huileries du Congo s.a.r.l.	a	O
<b>Dubai</b>			
	Unilever Gulf Free Zone Establishment	b	FP
<b>Egypt</b>			
60	Fine Foods Products SAE	b	F
60	Fine Tea Company SAE	b	F
60	Lever Egypt SAE	b	P
<b>Ethiopia</b>			
72	Unilever Ethiopia Private Limited Company	b	FP
<b>Ghana</b>			
67	Unilever Ghana Ltd.	b	FPO
<b>Israel</b>			
51	Glidat Strauss Ltd.	b	F
59	Unilever Bestfoods Israel Ltd.	c	F
	Lever Israel Ltd.	b	P
<b>Kenya</b>			
	Bestfoods Kenya Ltd.	b	F
88	Brooke Bond Kenya Ltd.	b	O
	Unilever Kenya Ltd.	b	FP
<b>Malawi</b>			
	Lever Brothers (Malawi) Ltd.	b	FP

# 130 Principal group companies and fixed investments

As at 31 December 2002  
Unilever Group

## Principal group companies continued

%	Africa, Middle East and Turkey contd	Ownership	Activity
	<b>Morocco</b>		
	Knorr Bestfoods Morocco S.A.	a	F
	Unilever Maghreb S.A.	a	P
	<b>Nigeria</b>		
50	Unilever Nigeria Plc	b	FP
	<b>Saudi Arabia</b>		
49	Binzagr Lever Ltd.*	b	FP
49	Lever Arabia Ltd.*	b	P
	<b>South Africa</b>		
59	Unilever Bestfoods Robertsons (Pty) Limited	c	F
	Unilever South Africa (Pty) Limited	b	FP
	<b>Tanzania</b>		
	Brooke Bond Tanzania Ltd.	b	O
	<b>Tunisia</b>		
99	CODEPAR Tunisia	a	P
52	Maghreb Alimentation S.A.	a	F
99	Société de Produits Chimiques et Détergents	a	P
	<b>Turkey</b>		
99	Lever Elida Temizlik ve Kişisel Bakım Ürünleri Sanayi ve Ticaret A.Ş.	a	P
	Unilever Sanayi ve Ticaret Türk A.Ş.	a	F
	Unilever Tüketim Ürünleri Satış Pazarlama ve Ticaret A.Ş.	a	FP
	<b>Uganda</b>		
	Unilever Uganda Ltd.	b	FP
	<b>Zambia</b>		
	Lever Brothers Zambia Limited	b	FP
	<b>Zimbabwe</b>		
	Lever Brothers (Private) Ltd.	b	FP
%	Asia and Pacific	Ownership	Activity
	<b>Australia</b>		
	Unilever Australia Ltd.	b	FP
	<b>Bangladesh</b>		
61	Lever Brothers Bangladesh Ltd.	b	FP
	<b>China</b>		
80	Bestfoods Guangzhou Foods Ltd.	c	F
	Unilever (China) Ltd.	a	H
77	Unilever Company Ltd.	a	P
	Unilever Foods (China) Company Ltd.	a	F
	Unilever Services (Shanghai) Company Limited	a	P
	Wall's (China) Company Ltd.	a	F
	<b>China S.A.R.</b>		
	Unilever Hong Kong Ltd.	a	FP
	<b>India</b>		
25	Hindlever Chemicals Ltd.	f	O
51	Hindustan Lever Ltd.	f	FPO
	<b>Indonesia</b>		
85	P.T. Unilever Indonesia Tbk	a	FP
	<b>Japan</b>		
	Nippon Lever KK	a	FP

%	Asia Pacific continued	Ownership	Activity
	<b>Malaysia</b>		
	Pamol Plantations Sdn. Bhd.	b	O
70	Unilever (Malaysia) Holdings Sdn. Bhd.	b	FP
	<b>New Zealand</b>		
	Unilever New Zealand Ltd.	b	FP
	<b>Pakistan</b>		
67	Unilever Pakistan Ltd.	b	FP
	<b>Philippines</b>		
	Unilever Philippines, Inc.	a	FP
	<b>Singapore</b>		
	Unilever Singapore Private Ltd.	b	FP
	<b>South Korea</b>		
	Unilever Korea Chusik Hoesa	a	FP
	<b>Sri Lanka</b>		
	Unilever Ceylon Ltd.	b	FPO
	<b>Taiwan</b>		
	Unilever Taiwan Ltd.	a	FP
	<b>Thailand</b>		
	Unilever Thai Trading Ltd.	a	FP
	<b>Vietnam</b>		
	Elida P/S	a	P
66	Lever Vietnam	a	P
	Unilever Bestfoods Vietnam	a	F
%	Latin America	Ownership	Activity
	<b>Argentina</b>		
	Refinerias de Maiz S.A.I.C.F.	d	F
	Unilever de Argentina S.A.	d	FP
	<b>Bolivia</b>		
	Quimbol Lever S.A.	a	FP
	<b>Brazil</b>		
	Mavibel Brasil Ltda.	d	H
	Unilever Brasil Ltda.	d	FP
	Unilever Bestfoods Brasil Ltda.	d	F
	<b>Chile</b>		
	Unilever Chile Ltda.	d	FP
	<b>Colombia</b>		
	Disa S.A.	d	F
	Unilever Andina Colombia S.A.	d	FP
60	Varela S.A.	d	P
	<b>Costa Rica</b>		
	Productos Agroindustriales del Caribe S.A.	c	F
	Unilever de Centroamerica S.A.	a	FP
	<b>Dominican Republic</b>		
70	Knorr Alimentaria S.A.	a	F
	Unilever Dominicana S.A.	a	P
	<b>Ecuador</b>		
	Unilever Andina – Ecuador S.A.	a	FP

\* These companies are consolidated on the basis that Unilever is able to exercise a dominant influence.

# Principal group companies and fixed investments 131

As at 31 December 2002  
Unilever Group

## Principal group companies continued

%	Latin America continued	Ownership	Activity
	<b>El Salvador</b>		
	Unilever de Centroamerica S.A.	a	FP
	<b>Guatemala</b>		
	Unilever de Centroamerica S.A.	a	FP
	<b>Honduras</b>		
	Unilever de Centroamerica S.A.	a	FP
	<b>Mexico</b>		
	Circulo Esmeralda S.A. de C.V.	d	F
	Corporativo Unilever de Mexico S.de R.L. de C.V.	d	H
	Unilever de Mexico S.A. de C.V.	d	FP
	<b>Netherlands Antilles</b>		
	Unilever Becumij N.V.	a	O
	<b>Nicaragua</b>		
	Unilever de Centroamerica S.A.	a	FP
	<b>Panama</b>		
	Unilever de Centroamerica S.A.	a	FP
	<b>Paraguay</b>		
	Unilever de Paraguay S.A.	a	FP
	<b>Peru</b>		
	Apromsa S.A.	b	F
99	Industrias Pacocha S.A.	a	FP
	<b>Trinidad &amp; Tobago</b>		
50	Lever Brothers West Indies Ltd.	b	FP
	<b>Uruguay</b>		
	Bestfoods Uruguay S.A.	c	F
	Sudy Lever S.A.	a	FP
	<b>Venezuela</b>		
	Aliven S.A.	b	F
	Unilever Andina S.A.	a	FP

## Principal fixed investments Joint ventures

%	Europe	Ownership	Activity
	<b>Portugal</b>		
40	FIMA/VG-Distribuição de Produtos Alimentares, Lda.	a	F
	<b>North America</b>		
	<b>United States of America</b>		
50	The Pepsi/Lipton Partnership	c	F
	<b>Asia and Pacific</b>		
	<b>China S.A.R.</b>		
50	CPC/AJI (Hong Kong) Ltd.	c	F
	<b>Malaysia</b>		
50	CPC/AJI (Malaysia) Sdn. Bhd.	c	F
	<b>Philippines</b>		
50	California Manufacturing Company Inc.	c	F
	<b>Singapore</b>		
50	CPC/AJI (Singapore) Pte Ltd.	c	F
	<b>Taiwan</b>		
50	CPC/AJI (Taiwan) Ltd.	c	F
	<b>Thailand</b>		
50	CPC/AJI (Thailand) Ltd.	c	F
	<b>Associated companies</b>		
	<b>Europe</b>		
	<b>United Kingdom</b>		
33	Langholm Capital Partners	b	O
	<b>North America</b>		
	<b>United States of America</b>		
33	JohnsonDiversey Holdings Inc	a	P

# 132 Company accounts

Unilever N.V.

## Balance sheet as at 31 December

	€ million 2002	€ million 2001
<b>Fixed assets</b>		
Fixed investments	11 416	7 328
<b>Current assets</b>		
Debtors	20 602	19 374
Cash at bank and in hand	780	361
<b>Total current assets</b>	<b>21 382</b>	19 735
<b>Creditors due within one year</b>	<b>(19 909)</b>	(16 339)
<b>Net current assets</b>	<b>1 473</b>	3 396
<b>Total assets less current liabilities</b>	<b>12 889</b>	10 724
<b>Creditors due after more than one year</b>	<b>5 257</b>	5 883
<b>Provisions for liabilities and charges</b>	<b>262</b>	296
<b>Capital and reserves</b>	<b>7 370</b>	4 545
Called up share capital:		
Preferential share capital 21	130	130
Ordinary share capital 21	291	291
	<b>421</b>	421
Share premium account	1 399	1 399
Profit retained and other reserves	5 550	2 725
<b>Total capital employed</b>	<b>12 889</b>	10 724

## Profit and loss account for the year ended 31 December

	€ million 2002	€ million 2001
Income from fixed investments after taxation	3 779	2 202
Other income and expenses	292	(146)
<b>Profit for the year</b>	<b>4 071</b>	2 056

Pages 66 to 112 and 128 to 133 contain the notes to the NV company accounts. For the information required by Article 392 of Book 2 of the Civil Code in the Netherlands, refer to pages 65 and 133.

In accordance with Article 402 of Book 2 of the Civil Code in the Netherlands, the accounts of NV have been included in the consolidated accounts. The profit and loss account mentions only income from fixed investments after taxation as a separate item. The balance sheet includes the proposed profit appropriation.

### The Board of Directors

4 March 2003

**Fixed investments**

	€ million 2002	€ million 2001
Shares in group companies	11 008	7 201
Book value of PLC shares held in connection with share options	368	264
Less NV shares held by group companies	(168)	(153)
Other unlisted investments	208	16
	<b>11 416</b>	<b>7 328</b>
Movements during the year:		
1 January	7 328	
Movement in PLC shares held in connection with share options	104	
Movement in NV shares held by group companies	(14)	
Other unlisted investments	191	
Additions	6 423	
Decrease	(2 616)	
31 December	<b>11 416</b>	

Shares in group companies are stated at cost in accordance with international accounting practice in various countries, in particular the United Kingdom.

**Debtors**

	€ million 2002	€ million 2001
Loans to group companies	19 214	16 607
Other amounts owed by group companies	1 089	2 570
Amounts owed by undertakings in which the company has a participating interest	1	1
Other	298	196
	<b>20 602</b>	<b>19 374</b>
Of which due after more than one year	<b>882</b>	<b>9</b>

**Cash at bank and in hand**

	€ million 2002	€ million 2001
This includes amounts for which repayment notice is required of:	<b>187</b>	<b>61</b>

**Creditors**

	€ million 2002	€ million 2001
Due within one year:		
Bank loans and overdrafts	4	39
Bonds and other loans	4 536	5 898
Loans from group companies	1 817	638
Other amounts owed to group companies	12 304	8 805
Taxation and social security	238	79
Accruals and deferred income	205	264
Dividends	643	601
Other	162	15
	<b>19 909</b>	<b>16 339</b>
Due after more than one year:		
Bonds and other loans	<b>5 257</b>	<b>5 883</b>

**Provisions for liabilities and charges**

	€ million 2002	€ million 2001
Pension provisions	131	124
Deferred taxation and other provisions	131	172
	<b>262</b>	<b>296</b>
Of which due within one year	<b>73</b>	<b>68</b>

**Ordinary share capital**

Shares numbered 1 to 2 400 are held by a subsidiary of NV and a subsidiary of PLC, each holding 50%. Additionally, 17 711 169 €0.51 ordinary shares are held by NV and other group companies. Full details are given in note 29 on page 111.

**Share premium account**

The share premium shown in the balance sheet is not available for the issue of bonus shares or for repayment without incurring withholding tax payable by the company. This is despite the change in the Netherlands tax law, as a result of which dividends received from 2001 onwards by individual shareholders who are Netherlands residents are no longer taxed.

**Profit retained and other reserves**

	€ million 2002	€ million 2001
Profit retained 31 December	6 591	3 508
Cost of NV shares purchased and held by NV and by its subsidiaries	(1 041)	(783)
Balance 31 December	<b>5 550</b>	<b>2 725</b>

Profit retained shown in the company accounts and the notes thereto is greater than the amount shown in the consolidated balance sheet, mainly because of certain inter-company transactions which are eliminated in the consolidated accounts.

**Contingent liabilities**

These are not expected to give rise to any material loss and include guarantees given for group and other companies, under which amounts outstanding at 31 December were:

	€ million 2002	€ million 2001
Group companies	8 878	11 033
Of the above, guaranteed also by PLC	<b>5 864</b>	<b>6 247</b>

# 134 Further statutory information

Unilever N.V.

## The rules for profit appropriation in the Articles of Association (summary of Article 41)

The profit for the year is applied firstly to the reserves required by law or by the Equalisation Agreement, secondly to cover losses of previous years, if any, and thirdly to the reserves deemed necessary by the Board of Directors. Dividends due to the holders of the Cumulative Preference Shares, including any arrears in such dividends, are then paid; if the profit is insufficient for this purpose, the amount available is distributed to them in proportion to the dividend percentages of their shares. Any profit remaining thereafter is at the disposal of the General Meeting. Distributions from this remaining profit are made to the holders of the ordinary shares pro rata to the nominal amounts of their holdings. The General Meeting can only decide to make distributions from reserves on the basis of a proposal by the Board and in compliance with the law and the Equalisation Agreement.

	€ million 2002	€ million 2001
<b>Proposed profit appropriation</b>		
Profit for the year	<b>4 071</b>	2 056
Preference dividends	<b>(42)</b>	(51)
Profit at disposal of the Annual General Meeting of shareholders	<b>4 029</b>	2 005
Ordinary dividends	<b>(946)</b>	(872)
Profit for the year retained	<b>3 083</b>	1 133
Profit retained – 1 January	<b>3 508</b>	2 375
Profit retained – 31 December	<b>6 591</b>	3 508

## Special controlling rights under the Articles of Association

See note 21 on page 97.

## Auditors

A resolution will be proposed at the Annual General Meeting on 7 May 2003 for the reappointment of PricewaterhouseCoopers Accountants N.V. as auditors of NV. The present appointment will end at the conclusion of the Annual General Meeting.

## Corporate Centre

Unilever N.V.  
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3000 DK Rotterdam

## J A A van der Bijl

## S G Williams

Joint Secretaries of Unilever N.V.  
4 March 2003

## Balance sheet as at 31 December

	£ million 2002	£ million 2001
<b>Fixed assets</b>		
Goodwill and intangible assets	3	–
Fixed investments	2 456	2 433
<b>Current assets</b>		
Debtors		
Debtors due within one year	787	2 007
Debtors due after more than one year	27	–
Cash and current investments	33	138
<b>Total current assets</b>	847	2 145
<b>Creditors due within one year</b>	(2 126)	(2 721)
<b>Net current assets/(liabilities)</b>	(1 279)	(576)
<b>Total assets less current liabilities</b>	1 180	1 857
<b>Creditors due after more than one year</b>	–	763
<b>Capital and reserves</b>	1 180	1 094
Called up share capital 21	41	41
Share premium account	94	94
Capital redemption reserve 23	11	11
Profit retained	1 034	948
<b>Total capital employed</b>	1 180	1 857

All amounts included in capital and reserves are classified as equity as defined under United Kingdom Financial Reporting Standard 4.

As permitted by Section 230 of the United Kingdom Companies Act 1985, PLC's profit and loss account does not accompany its balance sheet.

On behalf of the Board of Directors

**N W A FitzGerald** Chairman  
**A Burgmans** Vice-Chairman

4 March 2003

# 136 Notes to the company accounts

Unilever PLC

## Fixed assets

### Goodwill and Intangibles

	£ million 2002	£ million 2001
Goodwill	–	–
Intangible assets	3	–
	<b>3</b>	–

### Fixed investments

	£ million 2002	£ million 2001
Shares in group companies	2 237	2 237
Book value of PLC shares held in connection with share options	219	196
	<b>2 456</b>	2 433

### Shares in group companies

Shares in group companies are stated at cost or valuation, less amounts written off.

	£ million 2002
Movements during the year:	
1 January	2 237
Additions	36
Disposals	(36)
31 December	<b>2 237</b>

### Shares held in connection with share options

	£ million 2002
Movements during the year:	
1 January	196
Additions	55
Disposals	(30)
Valuation adjustments	(2)
31 December	<b>219</b>

## Debtors

	£ million 2002	£ million 2001
Due within one year:		
Amounts owed by group companies	720	1 928
Other	67	79
	<b>787</b>	2 007
Due after more than one year:		
Other	27	–

## Cash and current investments

	£ million 2002	£ million 2001
This includes amounts for which repayment notice is required	33	138

## Creditors

	£ million 2002	£ million 2001
Due within one year:		
Amounts owed to group companies	752	1 349
Bonds and other loans	915	1 043
Taxation and social security	135	34
Dividends	311	284
Other	9	2
Accruals and deferred income	4	9
	<b>2 126</b>	2 721
Due after more than one year:		
Bonds and other loans	–	763

## Profit retained

	£ million 2002	£ million 2001
1 January	948	935
Profit for the year	546	430
Dividends on ordinary and deferred shares	(460)	(417)
31 December	<b>1 034</b>	948

## Contingent liabilities

	£ million 2002	£ million 2001
These are not expected to give rise to any material loss and include guarantees given for group companies, under which amounts outstanding at 31 December were:	8 077	8 526
Of the above, guaranteed also by NV	<b>3 816</b>	3 817

## Remuneration of auditors

	£ million 2002	£ million 2001
Parent company audit fee	1.6	1.4
Payments by the parent company for non-audit services provided by PricewaterhouseCoopers United Kingdom <sup>(a)</sup>	9.3	17.3

(a) See also note 2 on page 77.

## Profit appropriation

	£ million 2002	£ million 2001
The proposed appropriation of the profit of PLC is as follows:		
Interim and recommended final dividends	460	417
Profit for the year retained	<b>86</b>	13

**Employee involvement and communication**

Unilever's UK companies maintain formal processes to inform, consult and involve employees and their representatives. Most of the United Kingdom sites are accredited to the Investors in People standard. The European Foundation for Quality Management's model for measuring Business Excellence, with its strong emphasis on maximising the potential of employees, is also widely employed.

A European Works Council, embracing employee and management representatives from 15 countries of Western Europe, has been in existence for several years and provides a forum for discussing issues that extend across national boundaries.

The directors' reports of the United Kingdom group companies contain more details about how they have communicated with their employees during 2002.

**Equal opportunities and diversity**

The heads of all operating companies and units in the UK have committed their businesses to achieving greater diversity. Every Unilever company in the United Kingdom has an equal opportunities policy and actively pursues equality of opportunity for all employees.

The Company has committed itself to carrying out an Equal Pay Audit, and Richard Greenhalgh, Chairman of Unilever UK, is an Equal Pay Champion by the UK Government. The Company is also reviewing ways in which diversity in recruitment and selection may be further improved.

A major initiative is underway to increase the take-up of flexible working options where appropriate for business and employee needs.

The Company was delighted to be awarded one of the Government's first 'Castle awards' recognising its achievements in providing equality of opportunity for women.

**Charitable and other contributions**

During the year UK group companies made a total contribution to the community of £9 million, based on the London Benchmarking Group Model.

No contribution was made for political purposes.

**Supplier payment policies**

Individual operating companies are responsible for agreeing the terms and conditions under which business transactions with their suppliers are conducted. The directors' reports of the United Kingdom operating companies give information about their supplier payment policies as required by the United Kingdom Companies Act 1985. PLC, as a holding company, does not itself make any relevant payments in this respect.

**Auditors**

Following the transfer of the business of the PLC auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 11 February 2003 and the PLC directors appointed its successor, PricewaterhouseCoopers LLP as auditors. A resolution will be proposed at the Annual General Meeting on 7 May 2003 for the re-appointment of PricewaterhouseCoopers LLP as auditors of PLC. The present appointment will end at the conclusion of the Annual General Meeting.

**Authority to purchase own shares**

At the Annual General Meeting of PLC held on 8 May 2002, authority was given pursuant to Article 64 of the PLC Articles of Association to make market purchases of PLC ordinary shares of 1.4p each, to a maximum of 290 million shares. This authority will expire on 7 May 2003. The Company has not exercised this authority during the year.

Details of shares purchased by employee share trusts and Unilever group companies to satisfy options granted under PLC's employee share schemes are given in the Remuneration report on page 55 and in note 29 to the consolidated accounts on page 111.

**Directors report of PLC**

For the purposes of Section 234 of the Companies Act 1985, the Directors Report of Unilever PLC for the year ended 31 December 2002 comprises this page and the information contained in the Report of the Directors on pages 2 to 61, Dividends on page 147 and Principal group companies and fixed investments on pages 128 to 131.

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**By Order of the Board**

**J A A van der Bijl**  
**S G Williams**

Joint Secretaries of Unilever PLC  
4 March 2003