

UNILEVER UK HOLDINGS LIMITED
REPORT AND ACCOUNTS 1998

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Registered Number : 17049

Unilever UK Holdings Limited

Directors' Report for the Year ended 31 December 1998

Directors

The directors of the company during the year were as follows :-

Mr R C Greenhalgh	(appointed on 13 July 1998)
Mr W G Walker	(resigned on 31 December 1998)
Mr P Neely	(resigned on 13 July 1998)
Mr D A Robinson	(appointed on 13 July 1998)
Mr M J Samuel	
Mr H Stirk	(resigned on 13 July 1998)
Mr D A Staveley	(appointed on 13 July 1998)
Mr A J Tinsley	(appointed on 13 July 1998)
Mr R M Tomlinson	(appointed on 13 July 1998)
Mr S G Williams	

Review of Activities

There was no significant change in the principal activity of the Company which is to act as a holding company. All of its out of pocket expenses, including the remuneration of auditors, were borne by the parent company or a fellow subsidiary.

The Directors consider that in the conditions prevailing during the year, the development of the Company's business and its financial position at the end of the year were satisfactory. The Directors do not expect any development in the Company's business in 1999 significantly different from its present activity.

Profits and Dividend

The profit for the year is £608,746,000. A dividend of £1,250,000,000 has been declared out of reserves.

Unilever UK Holdings Limited

Directors' Interests

According to the Register of Directors' Interests, the notifiable interests of the Directors in office at 31 December 1998 in the share capital of the Company's ultimate holding company Unilever PLC were as follows :-

	<u>Unilever PLC</u>	<u>At 1.1.1998</u>	<u>At 31.12.1998</u>
Mr R C Greenhalgh	Ordinary shares of 1.25p each	8,840	8,855
		(on appointment)	
Mr M J Samuel	Ordinary shares of 1.25p each	10,328	4,433
Mr D A Staveley	Ordinary shares of 1.25p each	5,480	3,980
		(on appointment)	
Mr A J Tinsley	Ordinary shares of 1.25p each	38,356	38,356
		(on appointment)	
Mr R M Tomlinson	Ordinary shares of 1.25p each	16,088	16,088
		(on appointment)	
Mr S G Williams	Ordinary shares of 1.25p each	12,264	12,264

Options to acquire the number of Unilever PLC Ordinary shares of 1.25p, each listed below were granted, exercised and held as follows :-

		<u>At 1.1.1998</u>	<u>Granted</u>	<u>Exercised</u>	<u>At 31.12.1998</u>
Mr R C Greenhalgh	(a)	262,652	nil	nil	262,652
	(b)	5,188	nil	nil	5,188
		(on appointment)			
Mr M J Samuel	(a)	nil	5,500	nil	5,500
	(b)	4,652	nil	nil	4,652
Mr D A Staveley	(a)	94,432	nil	nil	94,432
	(b)	7,548	nil	nil	7,548
		(on appointment)			
Mr A J Tinsley	(a)	34,560	nil	nil	34,560
	(b)	2,904	nil	nil	2,904
		(on appointment)			
Mr R M Tomlinson	(a)	73,020	nil	nil	73,020
	(b)	5,724	nil	nil	5,724
		(on appointment)			
Mr S G Williams	(a)	254,844	30,000	82,228	202,616
	(b)	3,728	1,161	nil	4,889

(a) under the Unilever PLC 1985 and 1997 Executive Share Option Schemes and subject to the Rules of those Schemes.

(b) under the Unilever PLC 1985 Sharesave Scheme and subject to the Rules of that Scheme.

Unilever UK Holdings Limited

Directors Interests (continued)

The Directors, in common with all employees of Unilever PLC and its UK subsidiaries, have a beneficial interest in the undermentioned Unilever PLC ordinary shares of 1.25p each, acquired by the Unilever Employee Share Trusts for the purpose of satisfying share options granted to employees.

		<u>At 1.1.1998</u>	<u>At 31.12.1998</u>
Mr R C Greenhalgh	}	44,787,364	39,623,389
Mr D A Robinson	}	(on appointment)	
Mr D A Staveley	}		
Mr R M Tomlinson	}		
All Other Directors		42,951,985	39,623,389

Auditors

Coopers & Lybrand merged with Price Waterhouse on 1 July 1998, following which Coopers & Lybrand resigned and the new firm, PricewaterhouseCoopers were appointed as the company's auditors. PricewaterhouseCoopers will remain in office as auditors of the company in accordance with the provisions of Section 386 of the Companies Act 1985.

BY ORDER OF THE BOARD



Mrs C J Hampton-Coutts
Secretary

Date : 25 October 1999

Unilever UK Holdings Limited

**Statement of Directors' Responsibilities
for preparing the Accounts**

The directors are required by UK company law to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss and total recognised gains or losses of the company for that year.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the accounts for the year ended 31 December 1998. The directors also confirm that applicable accounting standards have been followed and that the accounts have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps to prevent and detect fraud and other irregularities.

By Order of the Board



Mrs C J Hampton-Coutts
Secretary

Date 25 October 1999

Unilever UK Holdings Limited

Auditors' report to the members of Unilever UK Holdings Limited

We have audited the financial statements on pages 6 to 13 which have been prepared in accordance with the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Report and Accounts, including, as described on page 4, the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Report and Accounts and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company'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 financial statements 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London

28th October, 1999

Unilever UK Holdings Limited

Profit and Loss Account - Year ended 31 December

	<u>Notes</u>	1998 £000	1997 £000
Profit on disposal of investments	(1)	254,887	204,058
Release/(Increase) in provisions against value of investments	(6)	23,284	(11,646)
Increase in provisions against indebtedness in subsidiaries	(9)	(44,499)	(708)
Profit on ordinary activities before interest		<u>233,672</u>	<u>191,704</u>
Interest and similar income	(2)	458,938	229,931
Profit on ordinary activities before taxation	(3)	<u>692,610</u>	<u>421,635</u>
Taxation on profit on ordinary activities	(4)	(83,864)	11
Profit for the financial year		<u>608,746</u>	<u>421,646</u>
Dividends proposed		(1,250,000)	(170,000)
(Loss)/profit of the year retained		<u>(641,254)</u>	<u>251,646</u>
Profit retained 1 January		745,960	494,314
Profit retained 31 December		<u><u>104,706</u></u>	<u><u>745,960</u></u>

All operations in the year and in the comparative year were continuing.

There is no difference between the profit on ordinary activities before taxation and the retained loss for the year stated above and their historical cost equivalents.


The profit for each financial year represents the total recognised gains of that year.

Unilever UK Holdings Limited

Balance Sheet - 31 December

	<u>Notes</u>	1998 £000	1997 £000
Fixed assets			
Investments	(6)	473,948	494,090
Current assets			
Debtors	(7)	328,998	148,027
Indebtedness with parent company's central services subsidiary due after more than one year		817,873	407,770
Creditors : amounts falling due within one year	(8)	1,146,871 (1,341,190)	555,797 (173,503)
Net current (liabilities)/assets		(194,319)	382,294
Total assets less current liabilities		279,629	876,384
Provisions for liabilities and charges	(9)	(166,298)	(121,799)
Net Assets		113,331	754,585
Capital and reserves			
Called up share capital	(10)	8,625	8,625
Profit and loss account		104,706	745,960
Equity Shareholders' funds	(11)	113,331	754,585

The financial statements on pages 6 to 13 were approved by the Board of Directors on 25 October 1999 and were signed on its behalf by :


M J Samuel
Director

Unilever UK Holdings Limited

Principal Accounting Policies

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom.

The financial statements contain information about Unilever UK Holdings Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under s288 of the Companies Act 1985 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent company, Unilever PLC, a company incorporated in England and Wales.

The company is a wholly owned subsidiary of Unilever PLC and the cash flows of the company are included in the consolidated cash flow statement of Unilever PLC. Consequently the company is exempt under the terms of Financial Reporting Standard No 1 from publishing a cash flow statement.

Foreign Currencies : Balances expressed in foreign currencies have been translated at the rates of exchange current at the year end, and profits/losses are taken through the Profit and Loss Account.

Dividends : Dividends due from group undertakings are credited to the profit and loss account when declared.

Fixed Asset Investments : Fixed Asset Investments are generally carried at cost. Where the value of an investment is considered to have been permanently impaired, a carrying value below cost is employed.

Unilever UK Holdings Limited

Notes to the Accounts - 31 December 1998

(1) Profit on disposal of investments

The profit on disposal of investments is made up as follows :-

	£000
Plant Breeding International Cambridge Limited	278,174
Chemical Businesses (adjustment to proceeds)	3,486
Leverton Group (adjustment to proceeds)	1,513
Reichold Chemicals Limited (liquidated)	(13,411)
Severn Exports Limited (liquidated)	(14,875)
	<u>254,887</u>

(2) Interest and Similar Income/(Charges)

	1998 £000	1997 £000
Income from shares in group undertakings	457,657	229,966
Other interest receivable and similar income	1,424	41
	<u>459,081</u>	<u>230,007</u>
Total interest receivable and investment income	459,081	230,007
	<u>459,081</u>	<u>230,007</u>
Total interest payable and similar charges	(143)	(76)
	<u>(143)</u>	<u>(76)</u>
Total	<u>458,938</u>	<u>229,931</u>

(3) Profit on Ordinary Activities before taxation

The auditors' remuneration is borne by the parent company's central services subsidiary.

Unilever UK Holdings Limited

Notes to the Accounts - 31 December 1998

(4) Taxation on Profit (or Loss) on Ordinary Activities

The (charge)/credit for taxation is made up as follows :-

	1998 £000	1997 £000
On the profit of the years :-		
United Kingdom Corporation Tax at 31% (1997 - 31.5%)	(83,864)	11

(5) Directors' Emoluments

The directors are employed as managers by Unilever U.K. Central Resources Limited and they are remunerated by that company in respect of their services to the group as a whole.

(6) Fixed Assets - Investments

	<u>Shares in Group Undertakings</u> £000
Cost 1 January	535,627
Additions	831
Disposals	(44,257)
	<hr/>
Cost 31 December	492,201
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Provisions 1 January	(41,537)
Release	24,206
Increase	(922)
	<hr/>
Provisions 31 December	(18,253)
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Net Book Value	
31 December	473,948
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1 January	494,090
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There are no investments in listed shares.

Unilever UK Holdings Limited

Notes to the Accounts - 31 December 1998

Investment in Group Undertakings

The investment is in shares in subsidiary undertakings of the company which are all incorporated in the United Kingdom. The names of the principal companies together with the proportion of shares held and principal activity is shown below :

<u>Name of Company</u>	<u>Description of Shares Held</u>	<u>Proportion of Nominal Value of Shares Held</u>		<u>Principal Activity</u>
		Direct	Indirect	
Africa and Eastern (Near East) Ltd	Ordinary	100%		T
Birds Eye Wall's Ltd	Ordinary	100%		F
Calvin Klein Cosmetics UK Ltd	Ordinary	100%		HPC
Colman Products Ltd	Ordinary	100%		F
DiverseyLever Ltd	Ordinary/ Preference	100%		PC
DiverseyLever Equipment Ltd	Ordinary		100%	PC
Elida Fabergé Ltd	Ordinary	100%		HPC
Elizabeth Arden Ltd	Ordinary	100%		HPC
Lever Brothers Ltd	Ordinary	100%		HPC
Lipton Ltd	Ordinary	100%		F
Lipton Tea Company Ltd	Ordinary	100%		H
Unilever Company for Industrial Development Ltd	Ordinary	100%		T
UML Ltd	Ordinary	100%		T
Unilever International Market Development Ltd	Ordinary	100%		T
Unilever UK Central Resources Ltd	Ordinary	100%		T
Unipath Ltd	Ordinary	100%		HPC
Van den Bergh Foods Ltd	Ordinary	100%		F

The key to the principal activities listed above are as follows :-

Foods	F
Holding companies	H
Home and Personal Care	HPC
Professional cleaning	PC
Plantations and Plant Science	P
Trading Operations	T

A full list of the company's subsidiary undertakings will be filed with the Registrar of Companies.

In the opinion of the directors, the value of the investment in subsidiary undertakings, consisting of shares and amounts owing, is not less than the amount at which the investment is stated in the balance sheet.

Unilever UK Holdings Limited

(7) Debtors

	1998 £000	1997 £000
Amounts due within one year		
Amounts owed by group undertakings	328,998	144,300
Other debtors	-	3,716
Taxation receivable	-	11
	<u>328,998</u>	<u>148,027</u>

(8) Creditors

	1998 £000	1997 £000
Amounts due within one year		
Taxation on profits	83,851	-
Other creditors	7,339	3,503
Proposed dividend	1,250,000	170,000
	<u>1,341,190</u>	<u>173,503</u>

(9) Provisions for Liabilities and Charges

	£000
At 1 January	121,799
Charged to Profit and Loss	44,499
	<u>166,298</u>
At 31 December	

The provision relates to guarantees by Unilever UK Holdings Limited for amounts owed by its subsidiaries to one of their fellow subsidiaries.

Unilever UK Holdings Limited

(10) Called Up Share Capital

	1998 £000	1997 £000
Authorised		
10,000,000 ordinary shares of £1 each	10,000	10,000
Alloted, called up and fully paid		
8,625,000 ordinary shares of £1 each	8,625	8,625

(11) Reconciliation of Movements in Shareholders' Funds

	1998 £000	1997 £000
<i>Profit for the financial year</i>	608,746	421,646
<i>Dividends</i>	(1,250,000)	(170,000)
<i>Net (reduction)/addition</i>	(641,254)	251,646
<i>Opening shareholders' funds</i>	754,585	502,939
<i>Closing shareholders' funds</i>	113,331	754,585

(12) Contingent Liabilities

Unilever UK Holdings Limited have provided the following guarantees :

- 1) A guarantee has been given to a third party on behalf of DiverseyLever Limited, a 100% owned subsidiary, in respect of a 20 year lease obligation. The lease commenced on 9 March 1998 at an annual rent of £280,200.
- 2) Guarantees have been given to third parties on behalf of Birds Eye Wall's Limited, a 100% owned subsidiary, in respect of its obligations in operating lease agreements for a frozen storage and distribution centre.

None of the above contingent liabilities are expected to give rise to any material loss.

(13) Related Party Transactions

The ultimate parent and immediate holding company is Unilever PLC. The company has not disclosed transactions with fellow subsidiaries in accordance with the exemption under the terms of Financial Reporting Standard No 8. Copies of Unilever group accounts can be obtained from Unilever PLC, Corporate Relations Department, P O Box 68, Blackfriars, London EC4P 4BQ.