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Certain sections of the Unilever Annual Report and Accounts 2004 have been audited. Sections that have been audited are set out on pages 96 to 148, 154 to 170 and 172 to 173. The auditable part of the Directors' Remuneration report as set out on page 89 has also been audited.

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The Annual Report and Accounts 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 3 of the Report.

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

Notes to the consolidated accounts

Unilever Group

17 Trade and other creditors

	€ million 2004	€ million 2003
Due within one year		
Trade creditors	3 729	3 707
Social security and sundry taxes	265	346
Accruals and deferred income	2 539	2 548
Finance lease creditors	42	–
Taxation on profits	686	728
Dividends	1 220	1 125
Others	934	1 186
	9 415	9 640
Due after more than one year		
Accruals and deferred income	132	207
Finance lease creditors	176	–
Taxation on profits	278	330
Others	131	127
	717	664
Total trade and other creditors	10 132	10 304

There are no creditors due after more than 5 years other than finance lease creditors as described in note 25 on page 134.

18 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. The Group also provides other post-employment benefits, mainly post-employment medical plans in the United States. These plans are predominantly unfunded. The Group also operates a number of defined contribution plans, the assets of which are held in external funds.

Accounting policies

Accounting for pensions and similar obligations is in accordance with United Kingdom Financial Reporting Standard 17 'Retirement benefits' (FRS 17). This requires that the operating and financing costs of defined benefit plans are recognised separately in the profit and loss account; service costs are systematically spread over the service lives of employees, and financing costs are recognised in the periods in which they arise. Variations from expected costs, arising from the experience of the plans or changes in actuarial assumptions, are recognised immediately in the statement of total recognised gains and losses. The costs of individual events such as past service benefit enhancements, settlements and curtailments are recognised immediately in the profit and loss account. The liabilities and, where applicable, the assets of defined benefit plans are recognised at fair value in the balance sheet. The charges to the profit and loss account for defined contribution plans are the company contributions payable and the assets of such plans are not included in the Group balance sheet.

All defined benefit plans are subject to regular actuarial review using the projected unit method, either by external consultants or by actuaries employed by Unilever. Group policy is that the most important plans representing over 75% of the defined benefit liabilities are formally valued every year and other principal plans accounting for approximately a further 15% of liabilities have their liabilities updated each year. Group policy for other plans requires a full actuarial valuation at least every three years. Asset values for all plans are updated every year.

Healthcare

In December 2003 the Medicare Prescription Drug, Improvement and Modernisation Act became law in the US. Under the provisions of this Act, the Group's US healthcare benefit plans will be able to benefit from a subsidy towards the cost of prescription drugs. Following a review of our healthcare plans in 2004 we determined that the benefits of this legislation are available to all except one of our plans without any amendment to those plans. As a consequence, a reduction in liability of €52 million has been recognised in the statement of total recognised gains and losses. The impact on the ongoing service cost is a reduction by an immaterial amount.

Notes to the consolidated accounts

Unilever Group

18 Pensions and similar obligations (continued)

FRS 17 Disclosures

Assumptions

With the objective of presenting pensions and other post-employment 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 valuation date. The actuarial assumptions used to calculate the benefit obligations vary according to the country in which the plan is situated. The assumptions, weighted by liabilities, used to value the principal defined benefit pension plans (covering approximately 90% of pension liabilities – the 'principal pension plans') and plans providing other post-employment benefits, together with the expected long-term rates of return on assets, weighted by asset value, are:

	31 Dec 2004		31 Dec 2003		31 Dec 2002	
	Principal defined benefit pension plans	Other post-employment benefit plans	Principal defined benefit pension plans	Other post-employment benefit plans	Principal defined benefit pension plans	Other post-employment benefit plans
Discount rate	5.10%	5.70%	5.50%	6.10%	5.70%	6.50%
Inflation assumption	2.40%	n/a	2.40%	n/a	2.30%	n/a
Rate of increase in salaries	3.60%	4.50%	3.70%	4.50%	3.60%	4.30%
Rate of increase for pensions in payment	2.20%	n/a	2.20%	n/a	2.20%	n/a
Rate of increase for pensions in deferment (where provided)	2.60%	n/a	2.60%	n/a	2.60%	n/a
Long-term medical cost inflation ^(a)	n/a	4.80%	n/a	4.90%	n/a	4.90%
Expected long-term rates of return:						
Equities	7.80%		8.40%		8.20%	
Bonds	4.50%		5.00%		4.90%	
Others	6.30%		6.40%		5.40%	

(a) The valuations of other benefit plans generally assume a higher initial level of medical cost inflation, which falls from 11.20% to the long-term rate within the next six years.

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

For the most important pension plans, representing over 75% of all defined benefit plans by liabilities, the assumptions used at 31 December 2004, 2003 and 2002 were:

	2004	United Kingdom		2004	2003	Netherlands 2002
		2003	2002			
Discount rate	5.30%	5.40%	5.50%	4.50%	5.20%	5.40%
Inflation assumption	2.80%	2.70%	2.25%	1.80%	1.80%	2.25%
Rate of increase in salaries	4.30%	4.20%	3.75%	2.30%	2.50%	3.00%
Rate of increase for pensions in payment	2.90%	2.80%	2.50%	1.80%	1.80%	2.25%
Rate of increase for pensions in deferment (where provided)	2.90%	2.80%	2.50%	1.80%	1.80%	2.25%
Expected long-term rates of return:						
Equities	8.00%	8.30%	8.00%	7.60%	8.30%	8.30%
Bonds	5.00%	5.30%	4.90%	4.10%	4.70%	4.70%
Others	6.80%	6.40%	5.80%	5.90%	6.80%	5.60%

	2004	United States		2004	2003	Germany 2002
		2003	2002			
Discount rate	5.70%	6.10%	6.50%	4.50%	5.20%	5.40%
Inflation assumption	2.50%	2.50%	2.50%	1.80%	1.80%	2.00%
Rate of increase in salaries	4.50%	4.50%	4.50%	2.50%	2.50%	2.75%
Rate of increase for pensions in payment	0.00%	0.00%	0.00%	1.80%	1.80%	2.00%
Rate of increase for pensions in deferment (where provided)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Expected long-term rates of return:						
Equities	8.20%	8.60%	8.30%	7.60%	8.30%	8.30%
Bonds	4.60%	4.70%	4.30%	4.10%	4.70%	4.70%
Others	4.50%	4.70%	4.30%	5.50%	5.50%	4.90%

Demographic assumptions

Demographic assumptions, such as mortality rates, are set having regard to the latest trends in life expectancy, plan experience and other relevant data. The assumptions are reviewed and updated as necessary as part of the periodic actuarial valuation of the pension plans.

18 Pensions and similar obligations (continued)

Balance Sheet

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

	€ million	€ million	%	€ million	€ million	%	€ million	€ million	%
	31 December 2004			31 December 2003			31 December 2002		
	Pension plans	Other post-employment benefit plans	Long-term rates of return expected	Pension plans	Other post-employment benefit plans	Long-term rates of return expected	Pension plans	Other post-employment benefit plans	Long-term rates of return expected
Assets of principal plans:									
Equities	8 136	–	7.8%	8 054	–	8.4%	7 281	–	8.2%
Bonds	3 183	–	4.5%	3 123	–	5.0%	3 383	–	4.9%
Other	2 005	–	6.3%	1 582	–	6.4%	1 644	–	5.4%
Assets of other plans	291	14	7.2%	272	3	7.5%	417	2	8.2%
Total plan assets	13 615	14		13 031	3		12 725	2	
Present value of liabilities:									
Principal plans	(16 513)	–		(15 740)	–		(15 305)	–	
Other plans	(1 070)	(1 175)		(1 052)	(1 078)		(1 675)	(1 042)	
Total present value of liabilities	(17 583)	(1 175)		(16 792)	(1 078)		(16 980)	(1 042)	
Aggregate net surplus/(deficit) of the plans	(3 968)	(1 161)		(3 761)	(1 075)		(4 255)	(1 040)	
Irrecoverable surplus ^(b)	(100)	–		(116)	–		(87)	–	
Related deferred tax asset/(liability)	885	426		814	379		1 058	388	
Net pension asset/(liability)	(3 183)	(735)		(3 063)	(696)		(3 284)	(652)	
Of which in respect of									
Funded plans in surplus:									
Aggregate surplus	764	–		858	–		677	–	
Irrecoverable surplus ^(b)	(100)	–		(116)	–		(87)	–	
Related deferred tax liability	(208)	–		(252)	–		(209)	–	
Net pension asset	456	–		490	–		381	–	
Funded plans in deficit:									
Aggregate deficit	(2 248)	–		(2 294)	–		(2 575)	–	
Related deferred tax asset	615	–		665	–		808	–	
Net pension liability	(1 633)	–		(1 629)	–		(1 767)	–	
Unfunded plans:									
Aggregate liability	(2 484)	(1 161)		(2 325)	(1 075)		(2 357)	(1 040)	
Related deferred tax asset	478	426		401	379		459	388	
Net pension liability	(2 006)	(735)		(1 924)	(696)		(1 898)	(652)	

(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.

18 Pensions and similar obligations (continued)

Profit and loss account

The charge to the profit and loss account comprises:

	€ million 2004	€ million 2003	€ million 2002
Charged to operating profit:			
Defined benefit pension and other benefit plans:			
Current service cost	(317)	(336)	(364)
Special termination benefits	(135)	(73)	(96)
Past service cost	(13)	(5)	9
Gains on settlements/curtailments	61	14	119
Recognition of previously irrecoverable surplus	1	–	7
Defined contribution plans	(42)	(30)	(26)
Total operating cost	(445)	(430)	(351)
Charged to other finance income/(cost):			
Interest on retirement benefits	(977)	(966)	(1 072)
Refund of previously irrecoverable surplus	–	7	–
Expected return on assets	916	793	1 180
Total other finance income/(cost)	(61)	(166)	108
Net impact on the profit and loss account (before tax)	(506)	(596)	(243)

Cash flow

Group cash flow in respect of pensions and similar benefits comprises company contributions paid to funded plans and benefits paid by the company in respect of unfunded plans. In 2004, the benefits paid in respect of unfunded plans amounted to €311 million (2003: €295 million; 2002: €260 million). Company contributions to funded plans were at a reduced level for a number of years resulting from the generally strong stock market performance of the 1990s. Following the falls in stock markets in 2000, 2001 and 2002, contribution holidays have ended for many Unilever plans and the aggregate level of contributions is now rising. Contributions are subject to periodic review. In 2004, contributions to funded defined benefit plans, including one-off contributions of €186 million, amounted to €462 million (2003: €170 million; 2002: €140 million). In 2003 a refund of €7 million was received in Finland out of previously irrecoverable surplus. Total contributions to funded plans and benefit payments by the Group in respect of unfunded plans are expected to be about €675 million in 2005 (2004: €815 million).

Statement of total recognised gains and losses

The following amounts have been recognised in the statement of total recognised gains and losses, net of minority interests:

	€ million 2004	€ million 2003	€ million 2002
Actual return less expected return on pension and other benefit plan assets	392	967	(3 276)
Experience gains/(losses) arising on pension plan and other benefit plan liabilities	(45)	(135)	(95)
Changes in assumptions underlying the present value of the pension and other benefit plan liabilities	(1 053)	(644)	(952)
Actuarial gains/(losses)	(706)	188	(4 323)
Change in unrecognised surplus	15	(40)	171
Net actuarial gain/(loss) recognised in statement of total recognised gains and losses (before tax)	(691)	148	(4 152)

Reconciliation of change in surplus/deficit

Movements in surplus/deficit during the year:

	€ million 2004	€ million 2003	€ million 2002
Surplus/(deficit) at beginning of the year	(4 836)	(5 295)	(1 520)
Movements in year:			
Acquisitions	3	(1)	–
Reclassification of employee benefits as pension liabilities	(1)	(23)	–
Current service cost	(317)	(336)	(364)
Special termination benefits	(135)	(73)	(96)
Past service costs	(13)	(5)	9
Settlements/curtailments	61	14	119
Other finance income/(cost)	(61)	(173)	108
Actuarial gain/(loss)	(697)	188	(4 323)
Contributions	773	465	400
Currency retranslation	94	403	372
Surplus/(deficit) at end of the year	(5 129)	(4 836)	(5 295)

18 Pensions and similar obligations (continued)

History of experience gains and losses

	2004	2003	2002	2001
Actual return less expected return on plan assets (€ million)	392	967	(3 276)	(2 343)
As % of plan assets at beginning of year (%)	3	8	(19)	(12)
Experience gains/(losses) on plan liabilities (€ million)	(45)	(135)	(95)	197
As % of present value of plan liabilities at beginning of year (%)	–	(1)	(1)	1
Total actuarial gain/(loss) (€ million)	(697)	188	(4 323)	(2 344)
As % of present value of plan liabilities at beginning of year (%)	4	1	(23)	(13)

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 under US GAAP all costs are recognised in operating profit and certain cost items are amortised in the profit and loss account rather than recognised immediately.

The disclosures below show the benefit obligations, assets, funded status and balance sheet impact, as well as the periodic expense, cash flows and related economic assumptions associated with the defined benefit pension plans and other post-employment benefit plans as computed in accordance with SFAS 87 and SFAS 106.

Measurement dates

All plan assets are valued at fair value at the balance sheet date. Liabilities in respect of the most important pension plans comprising approximately 75% of the pension liabilities are subject to actuarial valuations every year. The valuations use membership data for the current year with the liability projected forward to the balance sheet date. Valuations of all other plans are carried out every three years and in the case of the other principal pension plans, comprising approximately a further 15% of the liabilities, the valuations are updated each year.

Benefit obligations

The table below shows changes in benefit obligations during 2004 and 2003.

	€ million	€ million	€ million	€ million
	Pension plans	Pension plans	Other post-employment benefit plans	Other post-employment benefit plans
	2004	2003	2004	2003
Change in benefit obligations				
Benefit obligations at 1 January	16 718	15 215	1 049	1 012
Extension of coverage ^(c)	–	1 690	29	77
Service cost	293	308	24	23
Interest cost	909	895	64	63
Plan member contributions	32	21	–	–
Amendments	5	3	(3)	–
Plan mergers	–	–	–	–
Actuarial (gains)/losses	922	661	179	132
Acquisitions/disposals	–	1	–	–
Settlements/curtailments	(65)	(12)	1	(5)
Special termination benefits	134	75	1	1
Benefits paid	(1 126)	(1 139)	(89)	(78)
Reclassification of benefits ^(d)	(166)	–	–	–
Currency retranslation	(144)	(1 000)	(80)	(176)
Benefit obligations at 31 December	17 512	16 718	1 175	1 049

(c) With effect from 1 January 2003 a number of additional pension plans were included in the SFAS 87 disclosures. This increased the overall coverage from 90% to 100% of liabilities. With effect from 1 January 2004, FAS 112 liabilities are fully disclosed in Other post employment benefit plans.

(d) During 2004, some plans changed from defined benefit to defined contribution.

Assumptions

The assumptions used to value the benefit obligations in respect of the principal plans are:

	%	%	%	%
	Pension plans	Pension plans	Other post-employment benefit plans	Other post-employment benefit plans
	2004	2003	2004	2003
Weighted average assumptions used to determine benefit obligations for the principal plans at 31 December				
Discount rate	5.10	5.50	5.70	6.10
Salary increases	3.60	3.70	4.50	4.50
Pension increases	2.20	2.20	n/a	n/a

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

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Unilever Group

18 Pensions and similar obligations (continued)

Post-employment healthcare benefits

Additional assumptions in respect of healthcare benefits are:

	2004	2003
Weighted average healthcare trend rates at 31 December		
Healthcare cost trend rate assumed for next year	11.20%	9.50%
Rate to which the cost trend rate gradually declines	4.80%	4.90%
Year that the assumed long-term rate is reached	2011	2009

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

	€ million 1% point increase	€ million 1% point decrease
Effect on post-employment benefit obligation	65	(55)

Plan assets

The table below shows the changes in plan assets during 2004 and 2003.

	€ million Pension plans 2004	€ million Pension plans 2003	€ million Other post- employment benefit plans 2004	€ million Other post- employment benefit plans 2003
Change in plan assets				
Fair value of plan assets at 1 January	12 850	12 097	3	2
Extension of coverage ^(e)	–	485	–	–
Plan mergers	–	–	–	–
Actual return on plan assets	1 275	1 744	9	–
Acquisitions/(disposals)	–	–	–	–
Settlements	(23)	1	–	–
Employer contributions/surplus refunds	693	390	88	79
Plan member contributions	32	21	–	–
Benefits paid from plan assets	(1 126)	(1 139)	(89)	(78)
Reclassification of benefits ^(f)	(166)	–	–	–
Currency retranslations	(94)	(749)	3	–
Fair value of plan assets at 31 December	13 441	12 850	14	3

(e) With effect from 1 January 2003, a number of additional pension plans were included in the SFAS 87 disclosures. This increased the coverage from 90% to 100%.

(f) During 2004, some plans changed from defined benefit to defined contribution.

Asset allocation

The asset allocation for the Group's principal pension plans at 31 December 2003 and 2004, target allocation for 2005, and expected long-term rates of return by asset category are as follows:

	Target percentage allocation for 2005	Percentage of plan assets at 31 December 2004	Percentage of plan assets at 31 December 2003	Long-term expected return on plan assets at 31 December 2004
Long-term asset category:				
Equity securities	61	63	63	7.80%
Debt securities	27	24	25	4.50%
Property	9	9	9	6.30%
Other	3	4	3	5.00%
Total	100	100	100	6.80%

Equity securities include Unilever securities amounting to €24 million (0.2% of total plan assets) and €44 million (0.3% of total plan assets) at 31 December 2004 and 2003 respectively.

Investment strategy

The Group's investment strategy in respect of its funded pension plans is implemented within the framework of the various statutory requirements of the territories where the plans are based. The Group has developed policy guidelines for the allocation of assets to different classes with the objective of controlling risk and maintaining the right balance between risk and long-term returns in order to limit the cost to the company of the benefits provided. To achieve this, investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. The plans invest the largest proportion of the assets in equities which the Group believes offer the best returns over the long term commensurate with an acceptable level of risk. The Group also keeps a proportion of assets invested in bonds, property and cash. Most assets are managed by a number of external fund managers, with a small proportion managed in-house.

18 Pensions and similar obligations (continued)

Funded status

The funded status of the plans, reconciled to the amount reported in the statement of financial position, is as follows:

	€ million Pension plans 2004	€ million Pension plans 2003	€ million Other post- employment benefit plans 2004	€ million Other post- employment benefit plans 2003
Fair value of plan assets	13 441	12 850	14	3
Benefit obligations	(17 512)	(16 718)	(1 175)	(1 049)
Funded status at 31 December	(4 071)	(3 868)	(1 161)	(1 046)
Unrecognised net transition liability/(asset)	(82)	(117)	–	–
Unrecognised net actuarial loss/(gain)	2 966	2 662	290	156
Unrecognised prior service cost	118	142	(2)	1
Other (SFAS 112 liabilities)	n/a	n/a	–	(29)
Net amount recognised at 31 December	(1 069)	(1 181)	(873)	(918)
Amount recognised in the statement of financial position consists of:				
Prepaid benefit cost	1 333	1 147	–	–
Accrued benefit liability	(2 402)	(2 328)	(873)	(918)
Additional minimum liability	(2 208)	(2 233)	–	–
Intangible asset	99	148	–	–
Accumulated other comprehensive income	2 109	2 085	–	–
Net amount recognised at 31 December	(1 069)	(1 181)	(873)	(918)

The projected benefit obligation (PBO), accumulated benefit obligation (ABO), and fair value of plan assets, in total and for plans where the projected benefit obligation or accumulated benefit obligation is in excess of plan assets is as follows:

	€ million Pension plans 2004	€ million Pension plans 2003	€ million Plans where PBO exceeds plan assets 2004	€ million Plans where PBO exceeds plan assets 2003	€ million Plans where ABO exceeds plan assets 2004	€ million Plans where ABO exceeds plan assets 2003
As at 31 December						
Projected benefit obligations	17 512	16 718	13 330	12 635	12 767	10 703
Accumulated benefit obligations	16 343	15 531	12 459	11 784	11 930	9 980
Fair value of plan assets	13 441	12 850	8 532	7 968	7 987	6 073

Net periodic cost

	€ million Pension plans 2004	€ million Pension plans 2003	€ million Pension plans 2002	€ million Other post- employment benefit plans 2004	€ million Other post- employment benefit plans 2003	€ million Other post- employment benefit plans 2002
Components of net periodic benefit cost^(g)						
Service cost (gross)	324	329	324	24	23	20
Interest cost	909	895	864	64	63	78
Expected returns on plan assets	(917)	(791)	(1 189)	–	–	–
Expected employee contributions	(32)	(21)	(9)	–	–	–
Amortisation of prior service cost	33	36	33	–	1	–
Amortisation of transition (asset)	(35)	(59)	(63)	–	–	–
Amortisation of actuarial loss/(gain)	163	217	(45)	12	(1)	(6)
Total before SFAS 88 events	445	606	(85)	100	86	92
Adjustments for SFAS 88 events	120	83	(118)	6	(1)	(23)
Net periodic benefit cost	565	689	(203)	106	85	69

(g) With effect from 1 January 2003, a number of additional pension plans were included in the SFAS 87 valuation exercise. This increased the coverage from 90% to 100%.

In 2002 the Group did not calculate pension costs and balances under SFAS 87 for a number of small defined benefit plans. The amounts under SFAS 87 would not have been materially different from those reported in the group accounts under SSAP 24, with €1 129 million provided in the group balance sheet at 31 December 2002 and €158 million charged to the profit and loss account in 2002.

Notes to the consolidated accounts

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18 Pensions and similar obligations (continued)

Assumptions

The assumptions in respect of principal plans used to determine the periodic expense in the table above for pensions and other retirement benefits are given in the table below:

	%	%	%	%	%	%
	Pension plans 2004	Pension plans 2003	Pension plans 2002	Other post-employment benefit plans 2004	Other post-employment benefit plans 2003	Other post-employment benefit plans 2002
Weighted average assumptions used to determine net cost for the principal plans for the years ended 31 December						
Discount rate	5.50	5.70	6.00	6.10	6.50	7.25
Expected long-term rate of return on plan assets	7.20	6.90	7.75	n/a	n/a	n/a
Salary increases	3.70	3.60	3.75	4.50	4.30	4.50
Pension increases	2.20	2.20	2.50	n/a	n/a	n/a

Expected rate of return on plan assets

The expected rate of return on plan assets was determined, based on actuarial advice, by a process that takes the current long-term rates of return available on government bonds and applies to these rates suitable risk premiums that take account of available historic market returns and current market expectations.

Post-employment healthcare benefits

Assumed healthcare cost trend rates have a significant effect on the amounts reported for the healthcare plans. A one-percentage-point change in assumed healthcare 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	5	(4)

Expected cash flows

During 2005 Unilever expects to make cash contributions of €315 million to funded defined benefit plans. This includes both mandatory and discretionary payments. In addition, a further €43 million is expected to be contributed to defined contribution plans.

The table below shows the expected benefit payments from defined benefit plans. The benefits paid from funded plans include amounts funded by employee contributions. The benefits paid in respect of unfunded plans are made from the Group's cash resources.

	€ million		€ million
	Pension benefits Funded	Unfunded	Other benefits Unfunded
Expected benefit payments			
2005	811	222	92
2006	816	227	91
2007	842	236	94
2008	864	245	98
2009	885	250	101
2010–2014	4 665	1 384	534

Notes to the consolidated accounts

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19 Deferred taxation

	€ million 2004	€ million 2003
Deferred taxation on:		
Accelerated depreciation	771	859
Stock reliefs	33	31
Short-term and other timing differences	(1 266)	(780)
	(462)	110
Less: asset balances reclassified as debtors due after more than one year 13	973	637
	511	747
Movements in deferred taxation liabilities:		
1 January	747	
Currency retranslation	31	
Disposal of group companies	(8)	
Profit and loss account	(593)	
Effect of reclassifying asset balances	336	
Other movements	(2)	
31 December	511	

Deferred tax balances in respect of pensions are reported as a separate component of the pensions balances. See note 18 on pages 122 to 129.

Deferred tax assets totalling €415 million in respect of unutilised foreign tax credits, tax losses and other timing differences have not been recognised at 31 December 2004 as the likelihood of future economic benefits is not assured.

20 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 2004	€ million 2003
Restructuring provisions	710	445
Other provisions	638	426
Total	1 348	871
Movements in restructuring provisions:		
1 January	445	
Currency retranslation	(17)	
Disposal of group companies	24	
Profit and loss account:		
New charges	714	
Releases	(53)	
Utilisation	(403)	
31 December	710	
Movements in other provisions:		
1 January	426	
Currency retranslation	(7)	
Disposal of group companies	4	
Profit and loss account:		
New charges	269	
Releases	(40)	
Utilisation	(14)	
31 December	638	

Restructuring provisions at the end of 2004 primarily relate to the Path to Growth initiatives described in note 4 on page 109, and amounted to €0.7 billion, the cash impact of which is expected to be a cash outflow of €0.6 billion in 2005 and €0.1 billion thereafter. Other provisions principally comprise balances held in respect of legal, environmental and other exposures. At the end of 2004, the balance includes a €169 million charge, taken in 2004, relating to the potential repayment of certain sales tax credits taken in Brazil. The cash impact of these balances is expected to be a cash outflow of €0.1 billion in 2005, and €0.5 billion thereafter.

Notes to the consolidated accounts

Unilever Group

21 Capital and reserves

The following tables present combined disclosure of movements in capital and reserves of NV and PLC for the years 2004, 2003 and 2002 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 22, 23 and 24 on pages 132 and 133.

	€ million	€ million	€ million	€ million	€ million
	Called up share capital	Share premium account	Other reserves	Profit retained	Total
2004					
1 January 2004	642	1 530	(2 442)	6 190	5 920
Result for the year retained	-	-	-	33	33
Goodwill movements	-	-	-	16	16
Actuarial gains/(losses) on pension schemes net of tax	-	-	-	(454)	(454)
Change in book value of shares or certificates held in connection with share options	-	-	(331)	7	(324)
Share option credit ^(a)	-	-	-	222	222
Currency retranslation	-	-	38	83	121
31 December 2004	642	1 530	(2 735)	6 097	5 534
2003					
1 January 2003	642	1 541	(2 144)	4 663	4 702
Result for the year retained	-	-	-	1 053	1 053
Goodwill movements	-	-	-	135	135
Actuarial gains/(losses) on pension schemes net of tax	-	-	-	(28)	(28)
Change in book value of shares or certificates held in connection with share options	-	-	(400)	-	(400)
Share option credit ^(a)	-	-	-	208	208
Currency retranslation	-	(11)	102	159	250
31 December 2003	642	1 530	(2 442)	6 190	5 920
2002					
1 January 2002	642	1 551	(1 663)	7 907	8 437
Result for the year retained	-	-	-	435	435
Goodwill movements	-	-	-	458	458
Actuarial gains/(losses) on pension schemes net of tax	-	-	-	(2 811)	(2 811)
Change in book value of shares or certificates held in connection with share options	-	-	(556)	-	(556)
Share option credit ^(a)	-	-	-	185	185
Unrealised gain on partial disposal of a group company	-	-	-	56	56
Currency retranslation	-	(10)	75	(1 567)	(1 502)
31 December 2002	642	1 541	(2 144)	4 663	4 702

(a) The share option credit relates to the reversal of the non-cash charge recorded against group operating profit and our share of the operating profit of associates in respect of the fair value of share options awarded to employees.

	€ million 2004	€ million 2003	€ million 2002
Profit retained as reported	6 097	6 190	4 663
Net liabilities in respect of funded pensions and similar obligations	1 177	1 139	1 386
Liabilities in respect of unfunded pensions and similar obligations	2 741	2 620	2 550
Profit retained excluding pensions and similar obligations	10 015	9 949	8 599

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

	€ million 2004	€ million 2003
Equity:		
Ordinary capital	4 032	4 418
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	5 534	5 920

22 Called up share capital

Number of shares authorised	€ million Authorised 2004	€ million Authorised 2003	Preferential share capital NV	Nominal value per share	Number of shares issued	€ million Issued, called up and fully paid 2004	€ million Issued, called up and fully paid 2003
75 000	34	34	7% Cumulative Preference	€453.78	29 000	13	13
200 000	91	91	6% Cumulative Preference	€453.78	161 060	73	73
750 000	34	34	4% Cumulative Preference	€45.38	750 000	34	34
650 000 000	29	29	5 euro cents Cumulative Preference	€0.05	211 473 785	10	10
	188	188				130	130
			Ordinary share capital NV				
1 000 000 000	508	508	Ordinary	€0.51	571 575 900	290	290
2 400	1	1	Ordinary (Shares numbered 1 to 2 400 – 'Special Shares')	€453.78	2 400	1	1
	–	–	Internal holdings eliminated on consolidation (€453.78 shares)			(1)	(1)
	509	509				290	290
			Total NV share capital			420	420
	£ million 2004	£ million 2003	Ordinary share capital PLC			£ million 2004	£ million 2003
9 726 834 428	136.2	136.2	Ordinary	1.4p	2 911 458 580	40.8	40.8
100 000	0.1	0.1	Deferred	£1 stock	100 000	0.1	0.1
	–	–	Internal holdings eliminated on 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. A nominal dividend of 0.25% 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.

On 15 February 2005 after close of trading NV converted the €0.05 cumulative preference shares into NV ordinary shares. Upon conversion, the holders of the preference shares received one NV ordinary share for every 11.2 preference shares held. This resulted in a total of 18 881 587 NV ordinary shares being transferred to the preference shareholders. These NV ordinary shares had previously been held as treasury shares by NV. As a consequence of the conversion, the notional value of the shares was reduced to €0.05. A proposal will be put to the Annual General Meeting of NV on 10 May 2005 to cancel the preference shares upon repayment of the notional value in accordance with NV's Articles of Association.

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 Corporate governance on pages 52, 53, 58 and 59.

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 on 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.

Share options

The Group operates a number of share-based compensation plans involving options over ordinary shares of NV and PLC. Full details of these plans are given in note 30 on pages 138 to 147.

Notes to the consolidated accounts

Unilever Group

23 Profit retained

	€ million NV 2004	€ million NV 2003	€ million NV 2002	€ million PLC 2004	€ million PLC 2003	€ million PLC 2002
Net profit	1 283	1 976	1 679	593	786	457
Preference dividends	(28)	(27)	(42)	–	–	–
Dividends on ordinary capital	(1 032)	(954)	(941)	(783)	(728)	(718)
Result for the year retained	223	995	696	(190)	58	(261)
Goodwill movements	11	99	158	5	36	300
Actuarial gains/(losses) on pension schemes net of tax	(330)	(19)	(1 220)	(124)	(9)	(1 591)
Change in book value of shares or certificates held in connection with share options	7	–	–	–	–	–
Share option credit ^(a)	152	146	133	70	62	52
Unrealised gain on partial disposal of a group company	–	–	–	–	–	56
Adjustment arising from change in ownership of group companies ^(b)	332	(31)	1 646	(332)	31	(1 646)
Currency retranslation	48	(10)	(1 206)	35	169	(361)
Net movement during the year	443	1 180	207	(536)	347	(3 451)
Profit retained – 1 January	6 835	5 655	5 448	(645)	(992)	2 459
Profit retained – 31 December	7 278	6 835	5 655	(1 181)	(645)	(992)
Of which retained by:						
Parent companies	8 339	7 304	6 581	1 548	1 527	1 590
Other group companies	(961)	(388)	(895)	(2 727)	(2 171)	(2 593)
Joint ventures and associates	(100)	(81)	(31)	(2)	(1)	11
	7 278	6 835	5 655	(1 181)	(645)	(992)
Cumulative goodwill written off directly to reserves	(5 188)	(5 199)	(5 298)	(2 058)	(2 063)	(2 099)

(a) The share option credit relates to the reversal of the non-cash charge recorded against group operating profit and our share of operating profit of associates in respect of the fair value of share options awarded to employees.

(b) During 2002, as part of the legal and fiscal integration of the Bestfoods businesses, a number of internal ownership changes took place. These internal transactions, which took place at fair value, did not involve any third party and therefore had no effect on the results or net assets of the consolidated Unilever Group. The historical cost of the net assets of the business transferred by NV was greater than the historical cost of the net assets of the business transferred by PLC. As it would be inappropriate to recognise revaluations to assets and liabilities of the Group arising from internal transactions, this imbalance led to NV recording an unrealised gain of €1 646 million on the transfer while PLC recorded an equal and opposite goodwill balance which is eliminated on consolidation. Further reorganisations in 2003 and 2004 produced a similar type of adjustment as well as a short-term timing difference in the payment of intra-group dividends.

24 Other reserves

	€ million NV 2004	€ million NV 2003	€ million NV 2002	€ million PLC 2004	€ million PLC 2003	€ million PLC 2002
Adjustment on translation of PLC's ordinary capital at £1 = Fl. 12 = €5.445	–	–	–	(164)	(164)	(159)
Capital redemption reserve	–	–	–	16	16	18
Book value of shares or certificates held in connection with share options	(2 035)	(1 783)	(1 534)	(552)	(511)	(469)
	(2 035)	(1 783)	(1 534)	(700)	(659)	(610)

The effect of the change in number of shares or certificates held in connection with share options on the other reserves of NV was €(252) million (2003: €(249) million; 2002: €(426) million) and for PLC was €(41) million (2003: €(42) million; 2002: €(51) million).

25 Commitments and contingent liabilities

	Under operating leases		Under finance leases	
	€ million 2004	€ million 2003	€ million 2004	€ million 2003
Long-term lease commitments in respect of:				
Land and buildings	1 485	1 462	91	–
Other tangible fixed assets	410	419	194	–
	1 895	1 881	285	–
The commitments fall due as follows:				
Within 1 year	334	321	55	–
After 1 year but within 2 years	280	283	53	–
After 2 years but within 3 years	250	244	49	–
After 3 years but within 4 years	231	227	47	–
After 4 years but within 5 years	193	205	6	–
After 5 years	607	601	75	–
	1 895	1 881	285	–

New finance leases mainly consist of sale and leaseback transactions.

	€ million 2004	€ million 2003
Other commitments	964	655
Of which payable within one year	291	315

Other commitments principally comprise commitments under contracts to purchase materials and services.

Contingent liabilities are either possible obligations that will probably not require a transfer of economic benefits, or present obligations that may, but probably will not, require a transfer of economic benefits. It is not appropriate to make provisions for contingent liabilities, but there is a chance that they will turn into an obligation in the future.

Examples of the first type of contingent liability arise in respect of litigation against group companies, investigations by competition, regulatory and fiscal authorities and obligations arising under environmental legislation. The estimated total of such contingent liabilities at 31 December 2004 was some €275 million (2003: €384 million).

Examples of the second type of contingent liability are guarantees issued by group companies. At 31 December 2004 these amounted to some €143 million (2003: €166 million). Guarantees given by parent or group companies that relate to liabilities already included in these consolidated accounts are excluded from this total.

The total value of guarantees which arose or were revised in 2004 was €80 million. The fair value of guarantees is not material.

26 Acquisition and disposal of group companies

Acquisitions

The net assets and results of acquired companies 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 2004 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 2004 are provisional. The goodwill arising on these transactions has been capitalised and is being amortised over 20 years in accordance with our declared accounting policies as set out on page 97.

During 2004 an additional investment into Langholm Capital Partners Fund was made and classified as an acquisition. We also purchased some minority interests in subsidiary companies.

In 2003 the principal transaction was the acquisition at the end of March of the remaining shares in Asian food businesses from our joint venture partner Ajinomoto of Japan. These businesses are now consolidated as subsidiaries.

Notes to the consolidated accounts

Unilever Group

26 Acquisition and disposal of group companies (continued)

	€ million	€ million	€ million
	Balance sheets of acquired businesses	Provisional adjustments to align accounting policies	Provisional fair values at date of acquisition
2004 acquisitions			
Fixed assets	24	(4)	20
Creditors	(2)	–	(2)
Minority interest	5	7	12
Net assets acquired	27	3	30

	€ million 2004	€ million 2003	€ million 2002
Acquisitions			
Net assets acquired	30	152	37
Adjustments to acquisitions made in prior years	–	75	–
Goodwill and intangible assets arising in subsidiaries	10	235	116
Consideration	40	462	153
Of which:			
Cash 28	40	262	57
Cash balances of businesses acquired 28	–	(10)	–
Current investments, cash deposits and borrowings of businesses acquired	–	25	77
Non-cash items and deferred consideration	–	185	(57)
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. The principal disposals in 2004 were Puget oils in France, the frozen pizza and baguette businesses in various countries in Europe, Rit, Niagara, Final Touch and Sunlight in North America, Capullo, Mazola and Inca in Chile and Mexico and Dalda oils in Pakistan. Our chemicals business in India (Hindustan Lever Chemicals) was merged with Tata Chemicals. Various other smaller brands were also sold as part of our Path to Growth strategy. In 2003, the principal disposals were Ambrosia in the United Kingdom, John West in Australasia, cheese businesses in Austria and Germany and the Pamol oil business in Malaysia. Various trademarks were sold as part of our Path to Growth strategy, including Brut in the US and Latin America and a number of oral care brands in the US.

	€ million 2004	€ million 2003	€ million 2002
Disposals			
Goodwill and intangible assets	23	127	274
Other fixed assets	52	205	531
Current assets	145	111	776
Creditors	(34)	(63)	(330)
Provisions for liabilities and charges	(9)	(15)	(100)
Minority interest	(25)	(5)	3
33% interest in DiverseyLever	–	360	1 154
Net assets sold	152	360	1 040
Specific provisions related to the disposal	–	–	159
Attributable goodwill	16	135	458
Profit on sale attributable to Unilever	324	379	249
Consideration	492	874	1 906
Of which:			
Cash 28	417	889	1 834
Cash balances of businesses sold 28	(4)	(17)	(34)
Current investments, cash deposits and borrowings of businesses sold	39	2	19
Non-cash items and deferred consideration	40	–	217
Fair value of Johnson Professional business acquired	–	–	(130)

Notes to the consolidated accounts

Unilever Group

27 Reconciliation of group operating profit to operating cash flows

	€ million 2004	€ million 2003	€ million 2002
Group operating profit	3 411	5 483	5 007
Depreciation, amortisation and impairment	2 859	2 038	2 582
Changes in working capital:			
Stocks	220	(107)	(98)
Debtors	294	547	88
Creditors	30	(640)	382
Pensions and similar provisions less payments	(457)	(147)	(109)
Restructuring and other provisions less payments	575	(208)	(53)
Elimination of (profits)/losses on disposals	(295)	(357)	(143)
Non-cash charge for share options	218	208	185
Other adjustments	(2)	(37)	42
Cash flow from group operating activities	6 853	6 780	7 883

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

	€ million 2004	€ million 2003	€ million 2002
Restructuring	(358)	(407)	(406)
Business disposals	233	889	1 834
Other, including asset disposals	126	18	229
Total	1	500	1 657
Of which related to items included in group operating profit in the current year	156	846	2 064
Of which related to items included in group operating profit in prior years	(155)	(346)	(407)
Total	1	500	1 657

The cash flows of pension funds (other than contributions and other direct payments made by the Group in respect of pensions and similar obligations) are not included in the Group cash flow statement.

Notes to the consolidated accounts

Unilever Group

28 Analysis of cash flows for headings netted in the cash flow statement

	€ million 2004	€ million 2003	€ million 2002
Returns on investments and servicing of finance			
Dividends from other fixed investments	14	8	8
Interest received	168	304	324
Interest paid	(759)	(1 114)	(1 467)
Preference dividend paid	(28)	(27)	(31)
Dividends and other payments to minority shareholders	(202)	(351)	(220)
Total	(807)	(1 180)	(1 386)
Capital expenditure and financial investment			
Purchase of intangible assets	(2)	(3)	(18)
Purchase of tangible fixed assets	(978)	(1 038)	(1 295)
Disposal of tangible fixed assets	151	168	233
Cash inflow from sale and leaseback transactions resulting in operating leases	71	–	–
Acquisition/disposal of fixed investments	46	249	(68)
Purchase of own shares	(332)	(400)	(558)
Total	(1 044)	(1 024)	(1 706)
Acquisitions and disposals			
Acquisition of group companies 26	(40)	(262)	(57)
Cash balances of businesses acquired 26	–	10	–
Consideration paid in respect of acquisitions made in previous years	(158)	–	–
Disposal of group companies 26	417	889	1 834
Cash balances of businesses sold 26	(4)	(17)	(34)
Payments in advance for future disposals	101	–	–
Consideration received in respect of disposals made in previous years	–	2	12
Total	316	622	1 755
Management of liquid resources			
Purchase of current investments	(60)	(137)	(219)
Sale of current investments	88	48	30
(Increase)/decrease in cash on deposit	(59)	48	(403)
Total	(31)	(41)	(592)
Financing			
Issue/purchase of shares by group companies to/(from) minority shareholders	8	5	9
Capital injection to joint ventures	(15)	(13)	–
Debt due within one year:			
Increases	2 123	4 068	2 698
Repayments	(5 950)	(7 378)	(8 834)
Debt after one year:			
Increases	843	509	3 195
Repayments	(58)	(108)	(146)
Cash inflow from sale and leaseback transactions resulting in finance leases	187	–	–
Capital element of finance lease payments	(59)	–	–
Total	(2 921)	(2 917)	(3 078)

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

The cash flows of pension funds (other than contributions and other direct payments made by the Group in respect of pensions and similar obligations) are not included in the Group cash flow statement.

Notes to the consolidated accounts

Unilever Group

29 Analysis of net debt

	€ million	€ million	€ million	€ million	€ million	€ million
	1 January 2004	Cash flow	Acquisitions/ disposals (excl. cash & overdrafts)	Other non-cash changes	Currency movements	31 December 2004
Cash on call and in hand	1 304	(806)			506	1 004
Overdrafts	(320)	134			2	(184)
		(672)				
Borrowings due within one year	(7 114)	3 827	41	(1 910)	185	(4 971)
Borrowings due after one year	(8 466)	(785)	–	2 115	243	(6 893)
Finance leases	–	(128)	–	(81)	(9)	(218)
		2 914				
Current investments	1 491	(28)	(2)	(443)	(2)	1 016
Cash on deposit	550	59	–	–	(26)	583
		31				
Net debt	(12 555)	2 273	39	(319)	899	(9 663)

Other non-cash changes include (i) profits and losses on disposal and adjustments to realisable value of current investments; (ii) exchange gains and losses on inter-company borrowings and related derivatives; (iii) the reclassification of long-term borrowings falling due within one year at the balance sheet date; and (iv) the reclassification of finance leases entered into in previous years.

New finance leases mainly consist of sale and leaseback transactions.

30 Share-based compensation plans

As at 31 December 2004, the Group had a number of share-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 are aimed at participation by permanent employees in the country where the relevant plans apply.

(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) 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 80) of Unilever in comparison with its peer group, it will potentially award top executives on the vesting date three years later with between 0% and 200% of the original conditional award.

(v) The North American Performance Share Plan

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

(vi) The Restricted Share Plan

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

(vii) Other plans

A cash-settled share-based retention plan was introduced in 2004 for a number of key executives.

Unilever will not grant share options in total in respect of executive share-based plans for more than 5% of its issued ordinary capital, and for all plans together, for more than 10% of its issued ordinary capital. The Boards do 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 exercise price, to Executive Directors and employees as the options are exercised or the awards vest.

The numbers in this note include those for Executive Directors shown in the Remuneration report on page 79 to 81. No awards were made to Executive Directors in 2004, 2003 or 2002 under the North American Performance Share Plan, the Restricted Share Plan or the cash-settled share-based retention plan. Non-Executive Directors do not participate in any of the share-based compensation plans.

Notes to the consolidated accounts

Unilever Group

30 Share-based compensation plans (continued)

From 1 January 2003, for US GAAP purposes, Unilever adopted SFAS 123. The economic fair value of the awards is calculated using an option pricing model (usually an adjusted Black-Scholes or multinomial model) and the resulting cost is recognised as remuneration cost amortised over the vesting period of the grant. Variable plans, being those with performance criteria other than a service period, are also accounted for in accordance with SFAS 123. The actual remuneration cost charged in each period is shown below.

	€ million 2004	€ million 2003	€ million 2002
All-Employee Option Plans	17	19	22
Executive Option Plans	105	101	88
Share Matching Plans	21	18	12
TSR Long-Term Incentive Plan	9	8	4
North American Performance Share Plan	64	59	53
Restricted Share Plan	–	3	6
Other Plans	2	–	–
	218	208	185

The 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.

All-Employee Option Plans

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

- Plans which follow a standard framework: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, Portugal, Spain, Sweden and Switzerland.
- 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 (Ireland: PLC 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. In 2003, Unilever UK introduced 'ShareBuy', an All-Employee Share Incentive Plan. It is currently only being used as a tax efficient savings plan for employees, for which Unilever neither gives nor receives value. Accordingly, no figures for this plan are included in this note.

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. 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, thereafter one year.

The table below summarises the main country-specific differences between the plans under which grants were made in 2004:

Country (year of introduction)	Maximum term	Vesting period		Exercise period	Remarks
	Years	Years	Years		
Austria (2001)	5		3	24 months	
Belgium (2001)	5		3.5	18 months	
Denmark (2001)	5		3	24 months	
Finland (2001)	5		3	24 months	On 3rd, 4th or 5th anniversary
France (2000)	5		4	12 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	
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

No grants were made in Sweden or North America in 2004.

30 Share-based compensation plans (continued)

A summary of the status of the All-Employee Plans as at 31 December 2004, 2003 and 2002 and changes during the years ended on these dates is presented below:

	2004		2003		2002	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
NV shares of €0.51						
Outstanding at 1 January	4 480 673	€60.24	4 026 430	€63.38	3 109 260	€60.56
Granted	1 266 960	€54.33	1 356 143	€51.01	1 589 107	€67.90
Exercised	(26 883)	€51.62	(21 254)	€54.48	(322 625)	€58.72
Forfeited	(308 593)	€59.63	(748 773)	€61.61	(349 312)	€63.24
Expired ^(a)	(159 095)	€63.65	(131 873)	€57.63	–	–
Outstanding at 31 December	5 253 062	€58.79	4 480 673	€60.24	4 026 430	€63.38
Exercisable at 31 December	1 740 399	€60.71	683 702	€57.24	231 979	€67.90
PLC shares of 1.4p						
Outstanding at 1 January	17 071 055	£5.28	18 005 592	£5.17	22 002 314	£4.61
Granted	2 287 826	£5.28	2 667 950	£5.72	4 122 000	£6.06
Exercised	(247 261)	£4.55	(570 578)	£4.57	(5 771 480)	£3.78
Forfeited	(2 567 876)	£5.46	(2 809 935)	£5.30	(2 347 242)	£4.90
Expired ^(a)	(2 329 440)	£5.78	(221 974)	£3.68	–	–
Outstanding at 31 December	14 214 304	£5.17	17 071 055	£5.28	18 005 592	£5.17
Exercisable at 31 December	1 705 467	£5.14	1 978 465	£5.88	430 696	£3.71
NV New York shares of €0.51						
Outstanding at 1 January	146 760	\$55.44	149 431	\$54.11	–	–
Granted	–	–	162 745	\$55.25	149 431	\$54.11
Exercised	(123 843)	\$55.44	(145 867)	\$54.05	–	–
Forfeited	(22 917)	\$55.44	(19 549)	\$54.11	–	–
Expired ^(a)	–	–	–	–	–	–
Outstanding at 31 December	–	–	146 760	\$55.44	149 431	\$54.11
Exercisable at 31 December	–	–	–	–	–	–

(a) Prior to 2003 the number of expired options was immaterial.

	2004	2003	2002
NV option value information^(b)			
Fair value per option ^(c)	€9.37	€8.86	€14.66
Valuation assumptions			
Expected option term	3.2 years	3.6 years	3.8 years
Expected volatility	27.5%	27.5%	26.8%
Expected dividend yield	3.3%	3.4%	2.4%
Risk-free interest rate	3.1%	2.5%	4.5%
PLC option value information^(b)			
Fair value per option ^(c)	£1.06	£1.13	£1.57
Valuation assumptions			
Expected option term	4.3 years	4.4 years	4.7 years
Expected volatility	27.5%	27.5%	28.5%
Expected dividend yield	3.5%	3.0%	2.5%
Risk-free interest rate	5.1%	3.7%	5.2%
NV New York shares option value information^(b)			
Fair value per option ^(c)	–	\$9.14	\$8.57
Valuation assumptions			
Expected option term	–	1 year	1 year
Expected volatility	–	27.5%	25.2%
Expected dividend yield	–	3.3%	2.5%
Risk-free interest rate	–	1.8%	1.2%

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

(c) Estimated using Black-Scholes option pricing method.

30 Share-based compensation plans (continued)

The exercise prices and remaining life of the All-Employee Option Plans as at 31 December 2004 are as follows:

	Options outstanding				Options exercisable	
	Range of exercise prices	Number outstanding at 31 December 2004	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable at 31 December 2004	Weighted average exercise price
NV shares of €0.51	€51.00 – €56.72	2 929 913	3 years	€52.72	627 782	€52.63
	€64.30 – €70.00	2 323 149	2 years	€66.45	1 112 617	€65.27
PLC shares of 1.4p	£4.25 – £6.20	14 214 304	2 years	£5.17	1 705 467	£5.14

Executive Option Plans

The Executive Option Plans are made up of the following plans, under which options 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. These options become exercisable after a three-year period from the date of grant. 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 is covered by the North America 2002 Omnibus Equity Compensation Plan and 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.

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, but the fair value costs (2004: €3 million; 2003: €3 million; 2002: €2 million) are included in the costs of Executive Option Plans on page 139.

A summary of the status of the Executive Option Plans as at 31 December 2004, 2003 and 2002 and changes during the years ended on these dates is presented below:

	2004		2003		2002	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
NV shares of €0.51						
Outstanding at 1 January	13 533 478	€59.80	11 139 397	€61.71	8 198 049	€58.95
Granted	2 398 183	€54.22	3 508 997	€55.03	3 658 548	€66.84
Exercised	(222 975)	€51.85	(35 315)	€48.64	(373 219)	€51.37
Forfeited	(1 041 460)	€59.24	(646 555)	€61.27	(343 981)	€62.73
Expired ^(a)	–	–	(433 046)	€69.18	–	–
Outstanding at 31 December	14 667 226	€59.05	13 533 478	€59.80	11 139 397	€61.71
Exercisable at 31 December	5 898 593	€58.79	4 546 269	€58.26	4 795 216	€59.84
PLC shares of 1.4p						
Outstanding at 1 January	89 760 385	£5.39	75 140 770	£5.28	57 255 712	£4.96
Granted	15 616 482	£5.21	22 848 640	£5.85	23 811 993	£5.83
Exercised	(3 586 509)	£4.25	(1 570 256)	£4.05	(3 931 699)	£3.96
Forfeited	(5 817 823)	£5.39	(3 749 776)	£5.53	(1 995 236)	£5.48
Expired ^(a)	–	–	(2 908 993)	£6.61	–	–
Outstanding at 31 December	95 972 535	£5.41	89 760 385	£5.39	75 140 770	£5.28
Exercisable at 31 December	38 324 985	£4.99	30 704 526	£4.87	33 370 192	£5.07

(a) Prior to 2003 the number of expired options was immaterial.

30 Share-based compensation plans (continued)

	2004		2003		2002	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
NV New York shares of €0.51						
Outstanding at 1 January	3 601 264	\$54.83	3 221 014	\$52.54	2 736 921	\$49.23
Granted	429 142	\$65.93	706 632	\$58.48	755 295	\$59.44
Exercised	(641 245)	\$41.10	(278 763)	\$36.15	(242 276)	\$36.00
Forfeited	(51 705)	\$66.41	(47 619)	\$63.61	(28 926)	\$57.52
Expired ^(a)	–	–	–	–	–	–
Outstanding at 31 December	3 337 456	\$58.72	3 601 264	\$54.83	3 221 014	\$52.54
Exercisable at 31 December	2 439 155	\$57.62	2 275 533	\$53.22	1 888 079	\$50.10
PLC shares of 1.4p in the form of ADRs^(d)						
Outstanding at 1 January	20 778 836	\$8.32	16 997 152	\$8.06	12 744 844	\$7.89
Granted	2 836 492	\$9.63	4 671 336	\$9.13	4 994 640	\$8.42
Exercised	(1 940 440)	\$7.47	(600 348)	\$7.04	(598 300)	\$7.14
Forfeited	(307 380)	\$9.51	(289 304)	\$8.92	(144 032)	\$8.40
Expired ^(a)	–	–	–	–	–	–
Outstanding at 31 December	21 367 508	\$8.55	20 778 836	\$8.32	16 997 152	\$8.06
Exercisable at 31 December	15 475 612	\$8.31	12 040 552	\$8.15	8 175 172	\$8.29

(a) Prior to 2003 the number of expired options was immaterial.

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

	2004	2003	2002
NV option value information^(b)			
Fair value per option ^(c)			
NV Executive Option Plan	€11.43	€12.43	€18.74
PLC Executive Option Plan	£7.67	£8.41	£11.59
NA Executive Option Plan	\$13.45	\$12.42	\$16.32
Valuation assumptions			
Expected option term	5.9 years	6.0 years	6.0 years
Expected volatility	27.5%	27.5%	27.6%
Expected dividend yield	3.3%	3.2%	2.4%
Risk-free interest rate	3.1%	3.5%	5.0%
PLC option value information^(b)			
Fair value per option ^(c)			
NV Executive Option Plan	€1.78	€2.14	€2.62
PLC Executive Option Plan	£1.20	£1.45	£1.62
NA Executive Option Plan	\$1.92	\$2.05	\$2.23
Valuation assumptions			
Expected option term	5.9 years	6.0 years	6.0 years
Expected volatility	27.5%	27.5%	27.1%
Expected dividend yield	3.5%	2.8%	2.6%
Risk-free interest rate	4.3%	4.0%	5.3%

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

(c) Estimated using Black-Scholes option pricing method.

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30 Share-based compensation plans (continued)

The exercise prices and remaining life of the Executive Option Plans as at 31 December 2004 are as follows:

	Options outstanding				Options exercisable	
	Range of exercise prices	Number outstanding at 31 December 2004	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable at 31 December 2004	Weighted average exercise price
NV shares of €0.51	€42.79 - €60.85	9 982 061	8 years	€55.69	4 449 000	€56.90
	€63.50 - €73.97	4 685 165	6 years	€66.21	1 449 593	€64.61
PLC shares of 1.4p	£3.07 - £4.29	7 722 504	5 years	£4.12	7 722 504	£4.12
	£4.75 - £5.55	44 080 270	7 years	£5.16	29 047 011	£5.14
	£5.77 - £6.79	44 169 761	8 years	£5.88	1 555 470	£6.68
NV New York shares of €0.51	\$31.95 - \$33.89	109 137	1 year	\$33.62	109 137	\$33.62
	\$41.16 - \$59.40	2 284 627	7 years	\$55.66	1 775 936	\$54.82
	\$60.05 - \$76.69	943 692	6 years	\$69.02	554 082	\$71.33
PLC shares of 1.4p in the form of ADRs^(d)	\$5.56 - \$7.73	6 545 464	6 years	\$7.11	6 545 464	\$7.11
	\$8.35 - \$10.85	14 822 044	7 years	\$9.19	8 930 148	\$9.19

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

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 (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.

A summary of the status of the Share Matching Plans as at 31 December 2004, 2003 and 2002 and changes during the years ended on these dates is presented below:

	2004		2003		2002	
	Number of shares	Weighted average price	Number of shares	Weighted average price	Number of shares	Weighted average price
NV shares of €0.51						
Outstanding at 1 January	373 846	€0.00	225 404	€0.00	77 613	€0.00
Awarded	85 789	€0.00	153 483	€0.00	148 990	€0.00
Exercised	(12 115)	€0.00	(2 664)	€0.00	(143)	€0.00
Forfeited	(7 432)	€0.00	(2 377)	€0.00	(1 056)	€0.00
Outstanding at 31 December	440 088	€0.00	373 846	€0.00	225 404	€0.00
Exercisable at 31 December	-	-	-	-	-	-
PLC shares of 1.4p						
Outstanding at 1 January	2 594 187	£0.00	1 627 386	£0.00	570 703	£0.00
Awarded	630 832	£0.00	1 002 635	£0.00	1 065 406	£0.00
Exercised	(90 113)	£0.00	(18 910)	£0.00	(1 053)	£0.00
Forfeited	(51 097)	£0.00	(16 924)	£0.00	(7 670)	£0.00
Outstanding at 31 December	3 083 809	£0.00	2 594 187	£0.00	1 627 386	£0.00
Exercisable at 31 December	-	-	-	-	-	-

30 Share-based compensation plans (continued)

	Number of shares	2004 Weighted average price	Number of shares	2003 Weighted average price	Number of shares	2002 Weighted average price
NV New York shares of €0.51						
Outstanding at 1 January	167 156	\$0.00	116 485	\$0.00	29 255	\$0.00
Awarded	57 504	\$0.00	52 889	\$0.00	87 743	\$0.00
Exercised	(143)	\$0.00	–	–	–	–
Forfeited	(2 810)	\$0.00	(2 218)	\$0.00	(513)	\$0.00
Outstanding at 31 December	221 707	\$0.00	167 156	\$0.00	116 485	\$0.00
Exercisable at 31 December	–	–	–	–	–	–
PLC shares of 1.4p in the form of ADRs^(d)						
Outstanding at 1 January	1 133 728	\$0.00	810 248	\$0.00	214 752	\$0.00
Awarded	392 440	\$0.00	338 560	\$0.00	599 064	\$0.00
Exercised	(992)	\$0.00	–	–	–	–
Forfeited	(19 024)	\$0.00	(15 080)	\$0.00	(3 568)	\$0.00
Outstanding at 31 December	1 506 152	\$0.00	1 133 728	\$0.00	810 248	\$0.00
Exercisable at 31 December	–	–	–	–	–	–

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

	2004	2003	2002
NV share award value information^(b)			
Fair value per share award			
NV/PLC Plan	€54.72	€55.45	€69.14
North American Plan	\$70.30	\$56.63	\$58.68
PLC share award value information^(b)			
Fair value per share award			
NV/PLC Plan	£5.29	£5.87	£6.17
North American Plan	\$10.34	\$8.83	\$8.58

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

The TSR Long-Term Incentive Plan

Under this plan, introduced in 2001, grants are made to Executive Directors and some senior executives. The level of share award which will vest three years later will vary in accordance with the Total Shareholder Return in comparison with a peer group (see description on pages 23 and 80). If the ranking is below the median, the share award will lapse; the higher the ranking above the median, the higher the share award.

A summary of the status of the TSR Long-Term Incentive Plan as at 31 December 2004, 2003 and 2002 and changes during the year ended on these dates is presented below:

	Number of shares	2004 Weighted average price	Number of shares	2003 Weighted average price	Number of shares	2002 Weighted average price
NV shares of €0.51						
Outstanding at 1 January	327 345	€0.00	188 514	€0.00	71 564	€0.00
Awarded	120 526	€0.00	138 831	€0.00	118 445	€0.00
Exercised	(71 564)	€0.00	–	–	–	–
Forfeited	(15 478)	€0.00	–	–	(1 495)	€0.00
Outstanding at 31 December	360 829	€0.00	327 345	€0.00	188 514	€0.00
Exercisable at 31 December	–	–	–	–	–	–
PLC shares of 1.4p						
Outstanding at 1 January	2 249 384	£0.00	1 360 874	£0.00	533 481	£0.00
Awarded	829 159	£0.00	888 510	£0.00	837 973	£0.00
Exercised	(533 481)	£0.00	–	–	–	–
Forfeited	(104 752)	£0.00	–	–	(10 580)	£0.00
Outstanding at 31 December	2 440 310	£0.00	2 249 384	£0.00	1 360 874	£0.00
Exercisable at 31 December	–	–	–	–	–	–

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30 Share-based compensation plans (continued)

	2004	2003	2002
NV share award value information			
Fair value per share award ^(e)	€41.81	€43.57	€26.94
PLC share award value information			
Fair value per share award ^(e)	£4.02	£4.63	£2.41

(e) Estimated using option pricing models taking account of peer group TSR volatilities and correlations.

The North American Performance Share Plan

This long-term incentive plan for North American managers, introduced in 2001, awards Unilever shares if company targets are met over a three-year period.

A summary of the status of the North American Performance Share Plan as at 31 December 2004, 2003 and 2002 and changes during the years ended on these dates is presented below:

	2004 Number of shares	2004 Weighted average price	2003 Number of shares	2003 Weighted average price	2002 Number of shares	2002 Weighted average price
NV New York shares of €0.51						
Outstanding at 1 January	1 771 343	\$0.00	1 223 292	\$0.00	625 451	\$0.00
Awarded	543 479	\$0.00	563 982	\$0.00	639 396	\$0.00
Exercised	(600 707)	\$0.00	–	–	–	–
Forfeited	(24 039)	\$0.00	(15 931)	\$0.00	(41 555)	\$0.00
Outstanding at 31 December	1 690 076	\$0.00	1 771 343	\$0.00	1 223 292	\$0.00
Exercisable at 31 December	–	–	–	–	–	–
PLC shares of 1.4p in the form of ADRs^(d)						
Outstanding at 1 January	13 202 916	\$0.00	9 130 532	\$0.00	4 665 064	\$0.00
Awarded	4 057 444	\$0.00	4 191 296	\$0.00	4 769 348	\$0.00
Exercised	(4 482 896)	\$0.00	–	–	–	–
Forfeited	(157 956)	\$0.00	(118 912)	\$0.00	(303 880)	\$0.00
Outstanding at 31 December	12 619 508	\$0.00	13 202 916	\$0.00	9 130 532	\$0.00
Exercisable at 31 December	–	–	–	–	–	–

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

	2004	2003	2002
NV share award value information^(b)			
Fair value per share award	\$65.98	\$58.35	\$59.00
PLC share award value information^(b)			
Fair value per share award	\$9.64	\$9.14	\$8.35

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

30 Share-based compensation plans (continued)

The Restricted Share Plan

In specific one-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 are still employed by Unilever at that time.

A summary of the status of the Restricted Share Plan as at 31 December 2004, 2003 and 2002 and changes during the years ended on these dates is presented below:

	2004		2003		2002	
	Number of shares	Weighted average price	Number of shares	Weighted average price	Number of shares	Weighted average price
NV shares of €0.51						
Outstanding at 1 January	40 498	€0.00	250 607	€0.00	381 328	€0.00
Awarded	7 595	€0.00	48 269	€0.00	37 380	€0.00
Exercised	(380)	€0.00	(258 378)	€0.00	(160 405)	€0.00
Forfeited	-	-	-	-	(7 696)	€0.00
Outstanding at 31 December	47 713	€0.00	40 498	€0.00	250 607	€0.00
PLC shares of 1.4p						
Outstanding at 1 January	216 382	£0.00	1 854 816	£0.00	2 815 138	£0.00
Awarded	13 681	£0.00	275 848	£0.00	275 502	£0.00
Exercised	(2 502)	£0.00	(1 914 282)	£0.00	(1 178 708)	£0.00
Forfeited	-	-	-	-	(57 116)	£0.00
Outstanding at 31 December	227 561	£0.00	216 382	£0.00	1 854 816	£0.00

	2004	2003	2002
NV share award value information^(b)			
Fair value per share award	€53.43	€52.48	€64.21
PLC share award value information^(b)			
Fair value per share award	£5.30	£5.32	£5.65

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

Other plans

During 2004 Unilever has offered a special cash award to selected senior managers with the purpose of retaining them. This cash-settled share-based plan provides a payment after three years, on the condition of continued employment with the Group.

A summary of the status of the other plans as at 31 December 2004 and changes during the year then ended is presented below:

	2004	
	Number of shares	Weighted average price
NV €0.51 share substitute		
Outstanding at 1 January	-	-
Awarded	300 000	€0.00
Exercised	-	-
Forfeited	-	-
Outstanding at 31 December	300 000	€0.00
PLC 1.4p share substitute		
Outstanding at 1 January	-	-
Awarded	2 000 000	£0.00
Exercised	-	-
Forfeited	-	-
Outstanding at 31 December	2 000 000	£0.00

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30 Share-based compensation plans (continued)

Additional information

At 31 December 2004, there were options outstanding to purchase 20 835 073 (2003: 19 625 369) €0.51 ordinary NV shares, and 102 249 614 (2003: 96 512 423) 1.4p ordinary PLC shares in respect of share-based compensation plans of NV and its subsidiaries and the North American plans, and 5 183 084 (2003: 4 816 994) €0.51 ordinary NV shares and 49 182 073 (2003: 50 494 450) 1.4p ordinary PLC shares in respect of share-based compensation plans of PLC and its subsidiaries.

To satisfy the options granted, certain group companies hold 25 120 635 (2003: 22 163 785) certificates or depositary receipts of ordinary shares of NV and 93 851 655 (2003: 84 450 131) 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 48 888 961 (2003: 47 085 636) 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 Urgent Issues Task Force Abstract 38 (UITF 38). 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 2004 represent 0.5% of the Group's called up capital. The balance at year end is 4.6% (2003: 4.2%).

The book value of €2 587 million (2003: €2 294 million) of all shares held in respect of share-based compensation plans for both NV and PLC is eliminated on consolidation by deduction from other reserves (see note 24 on page 133). Their market value at 31 December 2004 was €2 273 million (2003: €2 117 million).

At 31 December 2004 the exercise price of 20 224 246 (2003: 17 072 651) NV options and of 88 066 266 (2003: 79 751 021) PLC options was above the market price of the shares.

Shares held to satisfy options are accounted for in accordance with Netherlands law and United Kingdom UITF 37 and UITF 38. All differences between the purchase price of the shares held to satisfy options granted and the proceeds received for the shares, whether on exercise or lapse, are charged to reserves. In 2004 this includes €3 million (2003: €8 million) for shares held to meet options expiring in the short term which are priced above market value. The basis of the charge to operating profit for the economic value of options granted is discussed on page 139.

Obligations over the following number of shares were granted, exercised, forfeited or expired between 31 December 2004 and 25 February 2005. In this period we have purchased 13 700 NV New York shares and 90 800 PLC shares in the form of ADRs to satisfy awards under the Share Matching Plans, and 637 937 NV shares intended to replenish the hedging position following the use of existing shares for the €0.05 NV preference shares conversion (see also note 7 on page 112).

	Granted		Exercised, forfeited or expired	
	Shares of 1.4p ^(f)	Shares of €0.51 ^(g)	Shares of 1.4p ^(f)	Shares of €0.51 ^(g)
All-Employee Option Plans	–	–	320 476	61 562
Executive Option Plans	–	–	1 268 564	228 147
Share Matching Plans	–	–	585 875	85 834
TSR Long-Term Incentive Plan	–	–	–	–
North American Performance Share Plan	–	–	29 632	3 956
Restricted Share Plan	–	–	–	–
Other plans	–	–	–	–

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

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

31 Related party transactions

The following related party balances existed with associate businesses at 31 December:

	€ million 2004	€ million 2003
Trading balances receivable	29	28

Sales agency fees to JohnsonDiversey were incurred of approximately €68 million in 2004 (2003: €77 million; 2002: €85 million).

In July 2004 in the UK, Unilever formed a joint venture with Arlington Science Park Ltd. and sold its property at the Colworth site for a total consideration of €46 million.

In 2004 Patrick Cescau, the Chairman of Unilever PLC, and his wife purchased a house from ImmoBilia Transholme B.V., an NV group company, for €3 348 000 (£2 270 000). The full Boards, acting on the recommendation of the Remuneration Committee and without the participation of Mr Cescau, gave their prior approvals to the purchase, which was made at full market value based on two independent valuations of the property.

Notes to the consolidated accounts

Unilever Group

32 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 2004	€ million NV 2003	€ million NV 2002	€ million PLC 2004	€ million PLC 2003	€ million PLC 2002
Group turnover	27 305	28 964	31 828	12 864	13 729	16 442
Group operating profit	2 172	3 559	3 507	1 239	1 924	1 500
Total income from fixed investments	94	68	73	23	–	38
Interest	(383)	(530)	(812)	(245)	(317)	(361)
Other finance income/(cost) – pensions and similar obligations	(44)	(110)	(10)	(17)	(56)	118
Profit on ordinary activities before taxation	1 839	2 987	2 758	1 000	1 551	1 295
Taxation	(499)	(947)	(1 028)	(283)	(580)	(577)
Profit on ordinary activities after taxation	1 340	2 040	1 730	717	971	718
Minority interests	(57)	(64)	(51)	(124)	(185)	(261)
Net profit	1 283	1 976	1 679	593	786	457

Balance sheet as at 31 December

	€ million NV 2004	€ million NV 2003	€ million PLC 2004	€ million PLC 2003
Fixed assets				
Goodwill and intangible assets	11 972	13 793	3 366	3 920
Tangible fixed assets	4 127	4 375	2 144	2 280
Fixed investments	68	–	134	199
Total fixed assets	16 167	18 168	5 644	6 399
Current assets				
Stocks	2 439	2 679	1 319	1 496
Debtors	4 332	4 458	1 371	1 423
Debtors due within one year	3 408	3 808	1 097	1 274
Debtors due after more than one year	924	650	274	149
Cash and current investments	1 826	2 497	777	848
Total current assets	8 597	9 634	3 467	3 767
Creditors due within one year	(10 497)	(13 411)	(4 073)	(3 663)
Borrowings	(4 104)	(6 835)	(1 051)	(599)
Trade and other creditors	(6 393)	(6 576)	(3 022)	(3 064)
Net current assets/(liabilities)	(1 900)	(3 777)	(606)	104
Total assets less current liabilities	14 267	14 391	5 038	6 503
Creditors due after more than one year	6 396	7 558	1 214	1 572
Borrowings	5 969	7 024	924	1 442
Trade and other creditors	427	534	290	130
Provisions for liabilities and charges (excluding pensions and similar obligations)	1 426	1 252	455	393
Net liabilities for pensions and similar obligations	2 131	2 011	1 787	1 748
Net pension asset for funded schemes in surplus	(405)	(381)	(51)	(109)
Net pension liability in respect of funded schemes in deficit and unfunded schemes	2 536	2 392	1 838	1 857
Intra-group – NV/PLC	(2 781)	(3 350)	2 781	3 350
Minority interests	35	51	327	389
Capital and reserves	7 060	6 869	(1 526)	(949)
Total capital employed	14 267	14 391	5 038	6 503