The Secretary General
The Committee of European Securities Regulators
11-13 avenue de Friedland
75008 PARIS
FRANCE

20 November 2003

Dear Mr Demarigny,

Transition to IFRS – Consultation Paper

We are pleased to respond to the CESR's invitation to comment on the above referenced consultation paper.

Unilever, being an international group that reports under UK and Dutch GAAP, and reconciles to US GAAP in our 20-F filing with the SEC, welcomes all efforts towards the international harmonisation of accounting standards. We are pleased to see this matter take a leading role on the international agenda.

The transition to IFRS will be a very significant change project for the approximately 7,000 European listed companies . It will have a significant impact on reported results and shareholders' equity. We therefor support the view that European listed companies should communicate the high level impact of the transition to their investors and discuss actions that have been taken to achieve the transition. We also believe that much of this communication effort is primarily a matter for each company's individual judgement, based on knowledge of it's investor base and existing investor relations strategy. Accordingly, we do not believe that the CESR or individual exchanges needs to set too many formal requirements in this area.

At this point in time we are still awaiting finalisation of a large number of improved standards and a more limited number of new standards. . These will subsequently be submitted to EFRAG for endorsement. It is only once this endorsement has taken place that it will it be meaningful for companies to begin the restatement process for such standards. This will take some time, in particular for large multinational companies with operations in many countries of the world. We do not expect that many listed companies will realistically be in a position to provide detailed and robust numerical information about the effect of the implementation of IFRS until later in 2004.

We attach our detailed responses to the questions you have raised. We trust these are of use to you and would be pleased to discuss any aspect of our responses with you in greater detail, should you wish.

Yours sincerely,

Graeme Pitkethly
Group Chief Accountant
Unilever plc and Unilever NV

<u>Question 1.</u> Do you consider it useful that CESR members provide recommendations to European listed companies on how to disclose financial information to the markets during the phase of transition from local GAAP to IFRS?

No, we do not consider this necessary. All companies involved will already be aware of the scale of the project and the high level impact and will have allocated sufficient resources to the project. Truly reliable (and audited) financial information based on IFRS is unlikely to be available until late 2004. This is because the IASB is still issuing new standards and changing the existing standards that listed companies must comply with in 2005, and in their 2004(and perhaps 2003) comparatives.. In our opinion, the guidance included in IFRS 1 is sufficient, and companies should decide for themselves whether and how best to disclose information to the market, ahead of the IFRS 1 requirements, as part of their normal investor relations processes.

<u>Question 2.</u> Do you agree that European listed companies should be encouraged to prepare the transition from local GAAP to IFRS as early as possible?

Given that 1 January 2005 is not much more than one year from now, we believe that most European listed companies will already have started the preparation for the transition. We believe that the negative prospect and consequences of an unsuccessful IFRS conversion should be sufficient motivation for most companies. Further encouragement will make little difference.

<u>Question 3.</u> Do you agree that those companies should also be encouraged to communicate about the transition process? If yes, are the 4 milestones identified by CESR for such communication appropriate?

We agree that those companies should communicate about the transition process and that the 4 milestones identified by CESR are appropriate.

<u>Question 4.</u> What are your views on an encouragement to listed companies to disclose narrative information about their process of moving to IFRS and about major identifiable differences in accounting policies this transition will bring about? Do you consider it appropriate to include such information in the 2003 annual report or in the notes to the 2003 financial statements?

We agree that companies should be encouraged, but not required, to provide narrative information about their process of moving to IFRS. We agree that this should be done in the 2003 annual report, or in the notes to the 2003 financial statements.

<u>Question 5.</u> Do you believe that listed companies should be encouraged not to wait until beginning 2006 for communicating about the impact of the transition to IFRS on the 2004 financial statements if such information is available earlier? Do you agree that quantified information in this regard should be given as soon as possible?

We agree that listed companies should not wait until early 2006 if reliable and audited information is available sooner.

<u>Question 6.</u> Is it appropriate to refer to the Implementation Guidance published by IASB in connection with IFRS 1 for defining which quantified information should be disclosed as a result of the recommendations in § 11 and § 12? Do you believe other disclosures should be envisaged? Do you agree with inclusion of such information in the annual report or in the notes to the financial statements?

Yes, it is appropriate to refer to the Implementation Guidance and we believe the disclosures envisaged by IFRS are sufficient. We agree that such information should be included in the annual report or in the notes to the financial statements.

<u>Question 7.</u> Do you agree with the principle that any interim financial information published as of January 1st, 2005 by listed companies should be prepared using the accounting standards that are to be used by those companies for the 2005 year end financial reporting, i.e. IFRS, in the way indicated here under?

We agree that this should be the underlying principle. However, there may be limited cases where financial information for the very first period (e.g. quarter) of 2005 has to be corrected subsequently due to a lack of familiarity with the new standards or as a result of the first external audits of IFRS information. More likely are instances where Q1 2004 financial information might not be audited by the time that a company publishes Q1 2005 interim financial information. The CESR will wish to consider these situations in issuing any guidance in this area.

<u>Question 8.</u> Do you agree that when listed companies do not elect to apply IAS 34 for quarterly information published in 2005, they should be encouraged to prepare and disclose financial data by applying IFRS recognition and measurement principles to be applicable at year end?

We believe that if a listed company applies IFRS recognition and measurement principles in quarterly information to be published in 2005 it should also apply IAS 34.

<u>Question 9.</u> Do you agree with the proposed encouragement for European listed companies to either fully apply IAS 34 for half yearly reporting as from 2005 or, if this standard is not applied, to prepare the key half-year financial data that are to be published, in conformity with IFRS recognition and measurement principles to be applicable at year end?

Please see our response to question 8.

<u>Question 10.</u> CESR considered different possibilities for the presentation of comparative information for the corresponding period(s), but concluded that the above presented solution could appropriately serve users of financial information without imposing too burdensome requirements on issuers. Do you concur with the proposed solutions? In particular do you agree with the proposals that A) comparative figures should be provided and restated using the same accounting basis as for the current year; B) previously published information for the previous period may be provided again; C) explanation of restatement of comparative figures should be given; D) in case of presentation of financial statement over 3 successive periods the restatement of the first (earliest) period could not be required; E) indicative format ("bridge approach") for the presentation of comparative information on the face of the financial statements when the first period presented is not restated?

Yes, we concur with the proposed solutions. In particular we favour the "bridging approach" as a means of providing simple and relevant information to readers.

<u>Question 11.</u> Do you agree that, in addition to the presentation of comparative information in conformity with IFRS (i.e. prepared on the basis of IFRS provisions), it could be deemed useful to present again the comparatives prepared on the basis of previously applicable accounting standards?

We believe that some users of financial information will find this useful but we do not believe that listed companies should be required to present comparatives prepared on the basis of previously applicable accounting standards in their first IFRS financial statements.

<u>Question 12.</u> Do you agree that, when presentation of financial statements over 3 successive periods is required, it would be acceptable not to require the restatement to IFRS of the first (earliest) period? If yes, do you agree with the indicative format (“bridge approach”) for the presentation of comparative information on the face of the financial statements when the first period presented is not restated?

We fully support this approach and agree that the bridge approach should be used to present results in these circumstances..