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PROCTER & GAMBLE CO
Form 11-K
October 09, 2002

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 11-K

\X\ ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934 for the fiscal year ended June 30, 2002, or
\ \ TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934 for the transition period from _____ to _____

Commission file number 001-00434

- A. Full title of the plan and the address of the plan, if different from that of the issuer named below: Procter & Gamble Ireland Employees Share Ownership Plan, c/o Irish Pensions Trust Limited, 25/28 Adelaide Road, Dublin 2, Ireland.
- B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office: The Procter & Gamble Company, One Procter & Gamble Plaza, Cincinnati, Ohio 45202.

REQUIRED INFORMATION

Item 4. Plan Financial Statements and Schedules Prepared in Accordance With the Financial Reporting Requirements of ERISA.

PROCTER & GAMBLE
IRELAND
EMPLOYEES SHARE OWNERSHIP PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS AS OF
JUNE 30, 2002 AND 2001, STATEMENTS OF CHANGES IN NET
ASSETS AVAILABLE FOR BENEFITS FOR THE YEARS ENDED
JUNE 30, 2002, 2001 AND 2000, AND INDEPENDENT AUDITORS' REPORT

PROCTER & GAMBLE IRELAND
EMPLOYEES SHARE OWNERSHIP PLAN

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INDEPENDENT AUDITORS' REPORT

To the Trustees of the Procter & Gamble Ireland Employees Share Ownership Plan:

We have audited the accompanying statements of net assets available for benefits of the Procter & Gamble Ireland Employees Share Ownership Plan ("the Plan") as of June 30, 2002 and 2001, and the related statements of changes in net assets available for benefits for each of the three years in the period ended June 30, 2002. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of June 30, 2002 and 2001, and the changes in net assets available for benefits for each of the three years in the period ended June 30, 2002, in conformity with accounting principles generally accepted in the United States of America.

/S/ DELOITTE & TOUCHE

DELOITTE & TOUCHE
Newcastle upon Tyne, United Kingdom

9 October 2002

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PROCTER & GAMBLE IRELAND
EMPLOYEES SHARE OWNERSHIP PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
AS OF JUNE 30, 2002 AND 2001

| | 2002 (Euro) | 2001 (Euro) |
|---|------------------|------------------|
| ASSETS: | | |
| Investment in Procter & Gamble Company Stock, at fair value | 1,647,976 | 1,006,620 |
| Investment in J.M.Smucker Company Stock, at fair value | 12,155 | |
| Cash at bank and in hand | 2,014 | 3,440 |
| Other debtors | - | 3,560 |
| Due from other schemes | 8,541 | 940 |
| Due from Procter & Gamble | 2,571 | 360 |
| Total assets | 1,673,257 | 1,014,930 |
| LIABILITIES: | | |
| Accrued administrative expenses | (3,266) | (640) |
| Distributions payable | (9,860) | (7,660) |
| Total liabilities | (13,126) | (8,300) |
| NET ASSETS AVAILABLE FOR BENEFITS | 1,660,131 | 1,006,630 |

See notes to financial statements.

PROCTER & GAMBLE IRELAND
EMPLOYEES SHARE OWNERSHIP PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEARS ENDED JUNE 30, 2002, 2001 AND 2000

| | 2002 (Euro) | 2001 (Euro) |
|---|----------------|----------------|
| ADDITIONS (LOSSES): | | |
| Investment income: | | |
| Net appreciation (depreciation) in fair value of Company Stock | 228,788 | 124,369 |
| Interest and dividend income | 18,557 | 10,617 |

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| | | |
|--|-----------|-----------|
| Total investment income (loss) | 247,345 | 134,986 |
| <hr style="border-top: 1px dashed black;"/> | | |
| Contributions from Procter & Gamble companies | 276,892 | 221,440 |
| Contributions from participants | 276,892 | 221,440 |
| <hr style="border-top: 1px dashed black;"/> | | |
| Total contributions | 553,784 | 442,880 |
| <hr style="border-top: 1px dashed black;"/> | | |
| Other income | - | 1,450 |
| The J.M.Smuckers Company common stock received | 11,784 | - |
| Income from Procter & Gamble companies | 14,770 | - |
| <hr style="border-top: 1px dashed black;"/> | | |
| Total additions | 827,683 | 579,316 |
| <hr style="border-top: 1px dashed black;"/> | | |
| DEDUCTIONS: | | |
| Distributions and withdrawals to participants | (156,761) | (28,219) |
| Administrative expenses | (17,412) | (39) |
| <hr style="border-top: 1px dashed black;"/> | | |
| Total deductions | (174,173) | (28,258) |
| <hr style="border-top: 1px dashed black;"/> | | |
| NET INCREASE | 653,510 | 551,058 |
| <hr style="border-top: 1px dashed black;"/> | | |
| NET ASSETS AVAILABLE FOR BENEFITS: | | |
| Beginning of year | 1,006,621 | 455,563 |
| <hr style="border-top: 1px dashed black;"/> | | |
| End of year | 1,660,131 | 1,006,621 |
| <hr style="border-top: 3px double black;"/> | | |

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2002, 2001 AND 2000

1. PLAN DESCRIPTION

The following brief description of the Procter & Gamble Ireland Employees Share Ownership Plan ("Plan") is provided for general information purposes only. Participants should refer to the Plan agreement for more complete information.

GENERAL - The Plan is a share purchase plan established by Procter & Gamble to provide a means for eligible Irish employees to tax efficiently purchase shares in The Procter & Gamble Company ("Parent"). The scheme administrators on behalf of the Trustees of the Plan hold the Plan assets.

CONTRIBUTIONS- Employees can contribute up to 2.5% of their base salary. The participating Procter & Gamble companies (see note 6) match all contributions by employees in full.

WITHDRAWALS - Participants may withdraw shares from the scheme at any time subject to the following Plan rules. Participants cannot withdraw shares from the Plan within 3 years of purchase. Participants who withdraw shares from the Plan after 3 years can do so without attracting any income tax.

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ADMINISTRATION - The Plan is administered by Mercer Limited who were appointed by the Trustees of the Plan.

PARTICIPANT ACCOUNTS - Each participant's account is credited with an allocation of the Plan's shares. The benefit to which a participant is entitled is limited to the shares that can be provided from the participant's account.

2. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The accompanying financial statements have been prepared on the accrual basis of accounting and the Plan's net assets and transactions are recorded at fair value. The Plan's investment in the Company common stock is valued at fair value and is translated into Euros ("euro") at the rate of exchange at June 30.

EXPENSES OF THE PLAN - Investment management expenses and all other fees/expenses are paid by the participating Procter & Gamble companies (see note 6).

USE OF ESTIMATES - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

The plan invests in The Procter & Gamble Company common stock. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for plan benefits.

RECLASSIFICATION - Certain prior year amounts have been reclassified to confirm with the 2002 presentation.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

THE J.M. SMUCKER COMPANY COMMON STOCK - In May of 2002, the Jif peanut butter and Crisco shortening brands were spun-off to the Company's shareholders and subsequently merged into The J.M. Smucker Company ("Smucker"). As a result of the spin-off, participants holding common stock received one share of Smucker stock for each fifty shares of Company common stock. The cost basis of the Company common stock prior to the Smucker spin-off was allocated between the Company common stock held and the Smucker common stock received. Participants have the option of selling the Smucker common stock but are not permitted to purchase additional shares of Smucker stock.

3. TAX STATUS

The Irish Tax Authority has determined and informed the Company that it is an approved Employee Share Scheme under Irish tax legislation. Therefore, the Plan Administrator believes that the Plan was qualified and tax-exempt as of June 30, 2002 and 2001 and no provision for income taxes has been reflected in the accompanying financial statements.

4. DISTRIBUTIONS PAYABLE

Distributions payable to participants at June 30, 2002 and 2001, are

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approximately (euro)9,860 and (euro)7,668, respectively.

5. COMPANY STOCK

At June 30, 2002 and 2001, 18,226 and 13,499 shares, respectively, of Procter & Gamble Company Stock were held by the Plan. The cost of this stock at June 30, 2002 and 2001, was (euro)1,432,208 and (euro)1,030,407, respectively.

At June 30, 2002 and 2001, 351 and nil shares, respectively, of J.M. Smuckers Company Stock were held by the Plan. The cost of this stock at June 30, 2002 and 2001, was (euro)11,137 and (euro)nil, respectively.

6. PARTICIPATING PROCTER & GAMBLE COMPANIES

The participating Procter & Gamble companies are as follows:

- o Procter & Gamble (Manufacturing) Ireland Ltd;
- o Max Factor Ltd;
- o Procter & Gamble Pharmaceuticals Ltd;
- o Procter & Gamble (L&CP) Ltd.

7. CLASS ACTION LAWSUIT

During March of 2000, a class action lawsuit was filed against The Procter & Gamble Company by shareholders of common stock. The class was certified on October 29, 2001 by the United States District Court for the Southern District of Ohio, Western Division (the "Court"), and a settlement of \$49,000,000 has been approved. The Plan joined the class of plaintiffs during March of 2002. Once the allocation of the settlement is determined and approved by the Court, the plan will receive its portion of the settlement to allocate to participant accounts.

THE PLAN. Pursuant to the requirements of the Securities Exchange Act, the trustees (or other persons who administer the employees benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Dublin, Ireland, on the 8th day of October, 2002.

PROCTER & GAMBLE IRELAND
EMPLOYEE SHARE OWNERSHIP PLAN

/S/ ALAN BROXSON

Director
Irish Pensions Trust Limited,
Corporate Trustee

/S/ PATRICK BURKE

Director
Irish Pensions Trust Limited,
Corporate Trustee

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EXHIBIT INDEX

Exhibit No.

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Consent of Deloitte & Touche