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PROCTER & GAMBLE CO
Form 11-K
September 28, 2004

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, 2004, OR
\ \ TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934 [NO FEE REQUIRED] 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 1-4-1 Plan, Procter & Gamble Technical Centres Limited, Cobalt 12, Silver fox Way, Cobalt Business Park, Newcastle upon Tyne NE27 0QW.
- 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 1. Audited statement of financial condition as of the end of the latest two fiscal years of the plan (or such lesser period as the plan has been in existence). (See Page 2)
- Item 2. Audited statement of income and changes in plan equity for each of the latest three fiscal years of the plan (or such lesser period as the plan has been in existence). (See Page 3)

PROCTER & GAMBLE
1-4-1 PLAN

Statement of Net Assets Available for Benefits as of June 30, 2004 and 2003, Statement of Changes in Net Assets Available for Benefits for the Year Ended June 30, 2004 and for the Nine Months Ended June 30, 2003, and Report of Independent Registered Public Accounting Firm

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Trustees of the Procter & Gamble 1-4-1 Plan:

We have audited the accompanying statements of net assets available for benefits of the Procter & Gamble 1-4-1 Plan ("the Plan") as of June 30, 2004 and 2003 and the related statements of changes in net assets available for benefits for the year ended June 30, 2004 and for the nine months ended June 30, 2003. 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 standards of the Public Company Accounting Oversight Board (United States). 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, 2004 and 2003 and the changes in net assets available for benefits for the year ended June 30, 2004 and for the nine months ended June 30, 2003, in conformity with accounting principles generally accepted in the United States of America.

/S/ DELOITTE & TOUCHE LLP

DELOITTE & TOUCHE LLP

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Newcastle upon Tyne, United Kingdom

24 September 2004

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS AS OF JUNE, 30 2004 AND 2003

| | 2004 | 2003 |
|--------------------------------------------------------------------|------------------|------------------|
| | (British Pounds) | (British Pounds) |
| ASSETS: | | |
| Investment in the Procter & Gamble Company stock, at fair value | 9,601,643 | 3,809,038 |
| Cash at bank and in hand | 712,143 | 648,329 |
| Due from The Procter & Gamble Company | 7,288 | 13,826 |
| | ----- | ----- |
| Total assets | 10,321,074 | 4,471,193 |
| | ----- | ----- |
| LIABILITIES: | | |
| Amounts due to others | (2,231) | (16,547) |
| Contributions received in advance | (614,999) | (629,555) |
| | ----- | ----- |
| Total liabilities | (617,230) | (646,102) |
| | ----- | ----- |
| NET ASSETS AVAILABLE FOR BENEFITS | 9,703,844 | 3,825,091 |
| | ===== | ===== |

See notes to financial statements.

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS FOR THE YEAR ENDED JUNE 30, 2004 AND FOR THE NINE MONTHS ENDED JUNE 30, 2003

| | 2004 | 2003 |
|-------------------------------------------------------------------|------------------|------------------|
| | (British Pounds) | (British Pounds) |
| ADDITIONS (LOSSES): | | |
| Investment income: | | |
| Net appreciation (depreciation) in fair value of Company Stock | 674,943 | (17,312) |
| Procter & Gamble Company dividends received | 103,066 | 16,053 |
| | ----- | ----- |
| Total investment gain (loss) | 778,009 | (1,259) |
| | ----- | ----- |
| Contributions: | | |
| Contributions from Procter & Gamble companies | 2,972,054 | 1,939,757 |
| Contributions from participants | 2,972,054 | 1,939,757 |
| | ----- | ----- |
| Total contributions | 5,944,108 | 3,879,514 |

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| | | |
|-----------------------------------------------|-----------|-----------|
| Income from The Procter & Gamble Company | 19,343 | 13,826 |
| | | |
| Total additions | 6,741,460 | 3,892,081 |
| | | |
| DEDUCTIONS: | | |
| Distributions and withdrawals to participants | (843,364) | (53,164) |
| Administrative expenses | (19,343) | (13,826) |
| | | |
| Total deductions | (862,707) | (66,990) |
| | | |
| NET INCREASE | 5,878,753 | 3,825,091 |
| NET ASSETS AVAILABLE FOR BENEFITS: | | |
| Beginning of year / nine month period | 3,825,091 | 0 |
| | | |
| End of year / nine month period | 9,703,844 | 3,825,091 |
| | | |

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2004 AND FOR THE NINE MONTHS ENDED JUNE 30, 2003

1. PLAN DESCRIPTION

The following brief description of the Procter & Gamble 1-4-1 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 The Procter & Gamble Company ("Company") to provide a means for eligible UK employees to tax efficiently purchase shares in the Company. The scheme administrators hold the Plan assets on behalf of the Trustees of the Plan.

CONTRIBUTIONS- Employees can contribute up to 2.5% of their salary/wage, subject to a minimum monthly contribution of (pound)10. The participating Procter & Gamble companies (see note 5) match all contributions by employees in full.

CONTRIBUTORY SHARES- Represent shares purchased using the employee's own contributions.

MATCHING SHARES- Represent shares purchased using matched contributions.

DIVIDEND SHARES- Represent shares purchased using dividend income related to the employee's shares.

WITHDRAWALS - Participants may withdraw contributory shares from the scheme at any time; however, participants who withdraw contributory shares from the Plan within 5 years of acquisition will become liable for income tax and national insurance. Participants cannot withdraw matching shares from the Plan within 5 years of purchase, and cannot withdraw dividend shares from the Plan within 3 years of purchase.

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

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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.

PLAN COMMENCEMENT - The Plan commenced on October 1, 2002, and replaced the Procter & Gamble Matched Savings Share Purchase Plan, which ceased to be tax efficient from this date.

LOANS - Under the terms of the plan agreement, participants are not permitted to borrow funds from their account balance.

PLAN TERMINATION - Although the Company has not expressed any intent to do so, the Company has the right under the current scheme rules to terminate the Plan. Upon termination, amounts held by the Plan would be distributed to participants based upon the scheme rules.

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 Sterling at the rate of exchange at June 30.

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.

FLUCTUATIONS IN INVESTMENT SECURITIES VALUATION - 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.

EXPENSES OF THE PLAN - Investment management expenses and all other fees and expenses are paid by the participating Procter & Gamble companies (see note 5).

3. TAX STATUS

The Inland Revenue (IR) has determined and informed the Company that it is an approved Employee Share Scheme under UK tax legislation. Therefore, the Plan Administrator believes that the Plan was qualified and tax-exempt as of June 30, 2004 and no provision for income taxes has been reflected in the accompanying financial statements.

4. COMPANY STOCK

At June 30, 2004 and 2003, 319,849 and 140,966 (as restated per note 6) shares of Procter & Gamble Company stock were held by the Plan, respectively. The cost of this stock at June 30, 2004 and 2003, was (pound)8,924,252 and (pound)3,826,691, respectively.

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5. PARTICIPATING PROCTER & GAMBLE COMPANIES

The participating Procter & Gamble companies are as follows:

Procter & Gamble Pharmaceuticals UK Limited
Procter & Gamble Product Supply (UK) Limited
Procter & Gamble Technical Centres Limited
Procter & Gamble (L&CP) Limited
Procter & Gamble (Health & Beauty Care) Limited
Clairol Limited
IAMS UK Limited

6. STOCK SPLIT

In March 2004, the Company's Board of Directors approved a two-for-one stock split effective for common shareholders of record as of May 21, 2004. The financial statements, notes and other references to share data have been restated to reflect the stock split for all periods presented.

THE PLAN. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Newcastle upon Tyne United Kingdom, on September 24, 2004.

PROCTER & GAMBLE 1-4-1 PLAN

By: /S/ MS. SUSAN CARVER

Ms. Susan Carver
Director,
Procter & Gamble 1-4-1 Plan

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Consent of Deloitte & Touche LLP