



WOOLWORTHS LIMITED

A.B.N. 88 000 014 675

Rewarding shareholders

2001 FINANCIAL REPORT TO SHAREHOLDERS

Financial statements

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Statement of financial performance

	Note	Consolidated		Woolworths Limited	
		52 weeks ended 24 June 01 \$m	52 weeks ended 25 June 00 \$m	52 weeks ended 24 June 01 \$m	52 weeks ended 25 June 00 \$m
Revenue from sale of goods	2a	20,915.1	* 20,019.9	7,173.1	6,874.5
Other operating revenue	2a	473.6	372.4	163.8	221.8
Total revenue from operations		21,388.7	20,392.3	7,336.9	7,096.3
Cost of sales		(16,034.6)	(15,353.7)	(5,501.9)	(5,132.2)
Gross Profit		5,354.1	5,038.6	1,835.0	1,964.1
Other revenue from ordinary activities	2b	260.2	165.4	448.2	450.9
Share of loss in associated company accounted for using the equity method	10b	(1.5)	–	–	–
Branch expenses		(3,648.3)	(3,402.1)	(1,196.0)	(1,225.1)
Administration expenses		(1,257.9)	(1,274.2)	(528.5)	(641.0)
Earnings before interest and tax		706.6	527.7	558.7	548.9
Interest expense	3	(23.8)	(36.7)	(22.7)	(35.2)
Interest income	3	10.7	8.9	10.0	8.3
Profit from ordinary activities before income tax expense		693.5	499.9	546.0	522.0
Income tax expense	5	(217.4)	(178.2)	(52.0)	(27.9)
Net profit from ordinary activities after income tax expense		476.1	321.7	494.0	494.1
Net profits attributable to outside equity interests		(0.4)	(0.1)	–	–
Operating net profit attributable to the members of Woolworths Limited		475.7	321.6	494.0	494.1
Decrease (increase) in foreign currency translation reserve	19	1.1	(0.6)	–	–
Decrease in asset revaluation reserve	19	–	(15.1)	–	–
Total revenue expense and valuation adjustments attributable to members of Woolworths Limited recognised directly in equity		1.1	(15.7)	–	–
Total changes in equity other than those resulting from transactions with owners as owners		476.8	305.9	494.0	494.1
Earnings per share (EPS)					
Basic EPS		40.16	26.27	–	–
Weighted average number of shares used in the calculation of basic EPS (million)		1,065.8	1,125.0	–	–
Diluted EPS is not materially different					

* Sales for the 52 weeks ended 25 June 2000 include wholesale sales tax (WST). Sales adjusted to exclude WST were \$18,988.8 million.

Statement of financial performance

	Note	Consolidated		Woolworths Limited	
		52 weeks ended 24 June 01 \$m	52 weeks ended 25 June 00 \$m	52 weeks ended 24 June 01 \$m	52 weeks ended 25 June 00 \$m
Reconciliation of retained earnings					
Retained profits at beginning of period		368.9	562.6	74.8	97.3
Net profit attributable to the members of Woolworths Limited		475.7	321.6	494.0	494.1
Woolworths income notes distribution		(47.7)	(26.1)	(47.7)	(26.1)
Dividends paid or provided	6	(284.1)	(243.5)	(284.1)	(243.5)
Special dividend of \$5.82 (2000: \$2.47) per fully paid ordinary share paid to shareholders participating in off market buy-backs	6	(232.9)	(247.0)	(232.9)	(247.0)
Adjustment due to initial adoption of new accounting standard		-	1.3	-	-
Retained profits at end of period		279.9	368.9	4.1	74.8

The statement of financial performance should be read in conjunction with the notes to the financial statements set out on pages 8 to 50.

Statement of financial position

	Note	Consolidated		Woolworths Limited	
		As at 24 June 01 \$m	As at 25 June 00 \$m	As at 24 June 01 \$m	As at 25 June 00 \$m
Current assets					
Cash		256.0	350.0	196.6	298.5
Receivables	8	194.9	164.0	58.7	49.2
Inventories		1,731.8	1,648.3	542.4	534.0
Property, plant and equipment	12	126.8	98.0	–	–
Current tax asset		–	–	1.7	–
Other	9	79.0	84.8	27.7	36.8
Total current assets		2,388.5	2,345.1	827.1	918.5
Non-current assets					
Receivables	8	44.2	47.7	1,706.7	1,534.5
Investments accounted for using the equity method	10	16.8	–	–	–
Other financial assets	11	1.4	1.4	96.1	71.8
Property, plant and equipment	12	2,130.7	2,096.1	470.0	471.8
Intangibles	13	313.4	145.0	110.3	86.0
Deferred tax assets – timing differences		187.7	181.0	97.9	109.1
Other	9	0.5	0.5	0.5	0.5
Total non-current assets		2,694.7	2,471.7	2,481.5	2,273.7
Total assets		5,083.2	4,816.8	3,308.6	3,192.2
Current liabilities					
Accounts payable		1,666.4	1,571.8	1,017.0	1,007.4
Accruals		399.0	334.3	183.2	169.1
Interest bearing liabilities	14	341.7	129.9	340.2	125.2
Current tax liabilities		125.0	107.2	–	11.5
Provisions	17	427.3	451.7	263.8	300.5
Total current liabilities		2,959.4	2,594.9	1,804.2	1,613.7
Non-current liabilities					
Interest bearing liabilities	14	301.9	302.3	285.0	285.2
Deferred tax liabilities		111.7	137.8	37.1	50.9
Provisions	17	184.6	150.9	70.3	41.9
Total non-current liabilities		598.2	591.0	392.4	378.0
Total liabilities		3,557.6	3,185.9	2,196.6	1,991.7
Net assets		1,525.6	1,630.9	1,112.0	1,200.5

Statement of financial position

	Note	Consolidated		Woolworths Limited	
		As at 24 June 01 \$m	As at 25 June 00 \$m	As at 24 June 01 \$m	As at 25 June 00 \$m
Equity					
Contributed equity	18	476.2	494.0	476.2	494.0
Reserves	19	182.8	181.7	48.7	48.7
Retained profits		279.9	368.9	4.1	74.8
Equity attributable to the members of Woolworths Limited		938.9	1,044.6	529.0	617.5
Woolworths Income Notes	21	583.0	583.0	583.0	583.0
Outside equity interest in controlled entities:					
Reserves		0.9	0.9	–	–
Retained profits		2.8	2.4	–	–
Total outside equity interest		3.7	3.3	–	–
Total equity	20	1,525.6	1,630.9	1,112.0	1,200.5

The statement of financial position should be read in conjunction with the notes to the financial statements set out on pages 8 to 50.

Statement of cash flows

	Consolidated		Woolworths Limited	
	52 weeks ended 24 June 01 \$m	52 weeks ended 25 June 00 \$m	52 weeks ended 24 June 01 \$m	52 weeks ended 25 June 00 \$m
Cash flows from operating activities				
Receipts from customers	22,075.7	20,031.0	7,505.2	6,973.7
Receipts from vendors and tenants	439.9	297.1	251.5	173.3
Payments to suppliers and employees	(21,455.9)	(19,084.9)	(7,493.4)	(6,446.2)
Dividends received from related entities	–	–	348.7	376.5
Interest and other borrowing costs paid	(35.7)	(42.5)	(34.6)	(41.0)
Interest received	10.7	8.9	10.0	8.3
Income tax paid	(225.7)	(142.7)	(68.4)	(50.7)
Net cash provided by operating activities	809.0	1,066.9	519.0	993.9
Cash flows from investing activities				
Proceeds from the sale of property, plant and equipment	173.1	111.0	21.2	41.4
Proceeds from the sale of businesses	76.1	39.5	76.1	39.5
Payments for property, plant and equipment	(537.4)	(401.2)	(149.6)	(146.6)
Payment for purchase of investments	(18.3)	–	(25.8)	–
Advances of employee loans	(30.8)	(19.1)	(30.8)	(19.1)
Loans to related entities	–	–	(163.9)	(139.7)
Payment for purchase of businesses	(257.0)	(23.2)	(42.6)	(11.8)
Proceeds from assignment of employee loans	45.0	–	45.0	–
Net cash used in investing activities	(549.3)	(293.0)	(270.4)	(236.3)
Cash flows from financing activities				
Proceeds from issue of shares	44.0	26.9	44.0	26.9
Payments for buy-back of shares	(349.4)	(548.4)	(349.4)	(548.4)
Proceeds from issue of Woolworths Income Notes	–	583.0	–	583.0
(Repayment of) / proceeds from short term deposits	0.1	(0.2)	(0.1)	(0.4)
Proceeds from external borrowings	3,187.0	1,685.7	3,185.5	1,682.1
Repayment of external borrowings	(2,975.6)	(2,205.3)	(2,970.7)	(2,205.0)
Dividends paid	(212.1)	(173.5)	(212.1)	(173.5)
Woolworths Income Notes distributions	(47.7)	(24.7)	(47.7)	(24.7)
Net cash used in financing activities	(353.7)	(656.5)	(350.5)	(660.0)
Net increase/(decrease) in cash held	(94.0)	117.4	(101.9)	97.6
Cash at the beginning of the financial period	350.0	232.6	298.5	200.9
Cash at the end of the financial period	256.0	350.0	196.6	298.5
Non-cash financing and investing activities				
Dividend Reinvestment Plan				
In accordance with the Company's Dividend Reinvestment Plan 21% of the dividend paid was reinvested in the shares of the Company. Dividends paid (excluding special buy-back dividend)				
	266.8	220.8	266.8	220.8
Issuance of shares under the Plan	(54.7)	(47.3)	(54.7)	(47.3)
Net cash outflow	212.1	173.5	212.1	173.5

Statement of cash flows

	Consolidated		Woolworths Limited	
	52 weeks ended 24 June 01 \$m	52 weeks ended 25 June 00 \$m	52 weeks ended 24 June 01 \$m	52 weeks ended 25 June 00 \$m
Reconciliation of net cash provided by operating activities to operating profit after tax				
Operating profit after income tax	476.1	321.7	494.0	494.1
Depreciation	275.0	256.6	84.3	78.9
Amortisation	34.7	32.2	13.0	13.4
Share of loss of equity accounted associates	1.5	-	-	-
Provision for diminution in value of other financial assets	-	-	1.5	-
(Profit)/Loss on sale of businesses	12.7	(11.0)	12.7	(7.5)
(Profit)/Loss on sale of property, plant and equipment	0.6	10.7	(0.8)	1.9
Borrowing costs capitalised	(11.9)	(5.8)	(11.9)	(5.8)
(Increase)/decrease in deferred tax asset	(0.8)	(5.1)	11.2	(22.2)
Increase/(decrease) in income tax payable	18.4	28.4	(13.2)	(5.8)
Increase/(decrease) in deferred tax liability	(26.1)	12.3	(13.8)	5.2
(Increase)/decrease in receivables	(39.6)	14.8	(19.7)	99.2
(Increase)/decrease in inventories	(60.0)	(19.0)	(43.0)	(3.9)
(Increase)/decrease in sundry debtors and prepayments	15.5	(9.0)	2.2	(2.6)
Increase/(decrease) in payables	94.6	295.0	9.6	280.3
Increase/(decrease) in sundry payables and provisions	18.3	145.1	(7.1)	68.7
Net cash provided by operating activities	809.0	1,066.9	519.0	993.9

Consolidated		Woolworths Limited	
52 weeks ended	52 weeks ended	52 weeks ended	52 weeks ended
24 June 01	25 June 00	24 June 01	25 June 00
\$m	\$m	\$m	\$m

Acquisitions of businesses

Details of the aggregate cash outflow relating to the acquisition of businesses and the aggregate assets and liabilities of those businesses at the date of acquisition were as follows:

Consideration

Cash paid	257.0	23.2	42.6	11.8
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Fair value of net assets acquired

Property, plant and equipment	32.4	3.5	2.5	2.0
Prepayments	17.1	–	0.3	–
Other assets	–	(0.1)	–	(0.1)
Inventories	64.6	3.7	6.5	2.2
Liquor licences	6.6	0.6	1.9	–
Current income tax asset	0.6	–	–	–
Deferred tax asset	6.0	–	–	–
Employee entitlements	(2.5)	–	–	–
Other liabilities	(39.7)	–	–	–

	85.1	7.7	11.2	4.1
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Goodwill on acquisition	171.9	15.5	31.4	7.7
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Consideration (cash)	257.0	23.2	42.6	11.8
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Details of acquisitions are shown at Note 31.

Disposal of businesses

Details of the aggregate cash inflow relating to the sale of businesses and the aggregate assets and liabilities of those businesses at the date of sale were as follows:

Consideration

Cash received	76.1	39.5	76.1	39.5
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Net assets sold

Plant and equipment	45.0	11.0	45.0	7.2
Prepayments	6.7	1.5	6.7	0.9
Inventories	41.1	18.0	41.1	11.7
Other liabilities	(4.0)	(3.2)	(4.0)	(2.0)
Other assets	–	6.2	–	4.0

Net assets sold	88.8	33.5	88.8	21.8
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Notes to the financial statements

1 Significant accounting policies

The significant accounting policies that have been applied in the preparation of this general purpose financial report are as follows:

A Basis of preparation

This report has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

It has been prepared on the basis of historical cost. The accounting policies adopted are consistent with those of the previous years except as noted below.

The consolidated entity has adopted the presentation and disclosure requirements of Accounting Standards AASB 1018 'Statement of Financial Performance', AASB 1034 'Financial Report Presentation and Disclosures' and AASB 1040 'Statement of Financial Position' for the first time in the preparation of this financial report. In accordance with the requirements of these new/revised standards, comparative amounts have been reclassified in order to comply with the new presentation format. The reclassification of comparative amounts has not resulted in a change in the aggregate amounts of current assets, non-current assets, current liabilities, non-current liabilities or equity, or the net profit of the company or consolidated entity as reported in the prior year financial report.

The financial periods of the Company end on the last Sunday in June of each year. The financial period of the Company ended on 24 June 2001, which comprised 52 weeks and the corresponding financial period to 25 June 2000 comprised 52 weeks.

B Principles of consolidation

In these financial statements, Woolworths Limited is referred to as 'the Company' and the 'Consolidated' financial statements are those of the consolidated entity, comprising Woolworths Limited and its controlled entities.

All balances and the effects of all transactions between controlled entities that are included in the Consolidated financial statements have been eliminated.

Outside interests in the equity and results of controlled entities are shown as a separate item in the Consolidated financial statements.

Investments in associates are accounted for in the Consolidated financial statements using the equity method. Under this method, the consolidated entity's share of the post acquisition profits or losses of associates is recognised in the consolidated statement of financial performance, and its share of post acquisition movements in reserves is recognised in consolidated reserves. The cumulative post-acquisition movements are adjusted against the cost of the investment. Associates are those entities over which the consolidated entity exercises significant influence, but not control.

C Revenue recognition

In general, revenue is recognised only when it is probable that the economic benefits comprising the revenue will flow to the entity and that the flow can be reliably measured.

In addition to these general criteria, specific revenue recognition criteria apply as follows:

Sales revenue

Sales revenue represents the revenue earned from the provision of products and rendering of services to parties external to the consolidated entity. Sales revenue is only recognised when control of the products has passed to the buyer and for services when a right to be compensated has been attained and the stage of completion of the contract can be reliably measured.

Interest, rents and dividends

Interest, rental and dividend revenue is recognised when the consolidated entity has attained control of a right to be compensated for the provision of, or investment of, its assets. With interest and rents, control of the right to be compensated will accrue over time. For dividends, the right to be compensated is usually attained with the approval of the dividend at a meeting of shareholders.

Proceeds from sale of assets

The gross proceeds of asset sales are recognised as revenue at the date that an unconditional contract of sale is exchanged with the purchaser.

D Accounting for acquisitions

Assets and businesses acquired are accounted for using the cost method of accounting, whereby fair values are assigned to all the identifiable underlying assets acquired and the liabilities assumed at the date of acquisition.

Goodwill is brought to account on the basis described in Note 1(O).

E Income tax

Tax effect accounting is applied using the liability method, whereby the income tax expense for the period is based on the accounting profit after adjustment for permanent differences.

The deferred tax assets and deferred tax liabilities represent the net cumulative effect of items of income and expense that have been brought to account for tax and accounting purposes in different periods.

Deferred tax assets pertaining to timing differences have only been brought to account where the benefits are expected to be realised beyond reasonable doubt.

F Pre-opening expenses

Pre-opening expenses in connection with new stores are charged to the statement of financial performance in the period in which they are incurred.

G Stock valuation of finished goods

Short life retail stocks are valued at the lower of average cost or net realisable value.

Long life retail stocks have been valued by the retail inventory method to arrive at cost.

Warehouse stocks are valued at the lower of average cost or net realisable value.

These methods of valuation are considered to achieve a valuation reasonably approximating the lower of cost or net realisable value.

H Purchase and promotional incentives

Purchase or promotional incentives are taken into income in the period to which the purchase or promotion relates, provided receipt of the incentive is reasonably assured.

I Recoverable amount of non-current assets

The recoverable amount of a non-current asset is the net amount expected to be recovered through the cash inflows and outflows arising from its continued use and subsequent disposal.

Where the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to its recoverable amount. The decrement in the carrying amount is recognised as an expense in the net profit or loss in the reporting period in which the recoverable amount write-down occurs. In determining the recoverable amount, expected future cash flows have not been discounted to their present values.

J Valuation of non-current assets

Subsequent to initial recognition as assets, all non-current assets are measured at their original cost. This policy was adopted with effect from 28 June 1999, with the directors electing to apply the new accounting standard AASB 1041 'Revaluation of Non-Current Assets' earlier than its operative date. The previous policy was to carry different classes of non-current assets at either cost or valuation. There was also a policy of revaluing freehold land and buildings to fair value at intervals of approximately 3 years.

Change in accounting policy

Until 27 June 1999, different classes of non-current assets were carried at either historical cost or valuation. With the exception of freehold land and buildings, which were revalued at approximately 3 yearly intervals, there was no regular policy to ensure that the valuations were current.

On applying AASB 1041, with effect from 28 June 1999, the consolidated entity elected to revert to the cost basis for measuring all non-current assets. The directors chose this option because they considered that the cost of complying with the alternative policy permitted by AASB 1041, of revaluing non-current assets with sufficient regularity to ensure that the carrying amount of each item does not materially differ from its fair value at the reporting date, would exceed the benefits that would be gained.

In reverting from a revaluation to a cost basis, the carrying amount as at 27 June 1999 of all classes of non-current assets other than development properties and leasehold improvements, has been deemed to be their cost. For leasehold improvements, adjustments were made to reinstate the amounts of accumulated amortisation that had previously been written back against the asset cost upon revaluation. The adjustments did not result in any change in the carrying value of the leasehold improvements. For development properties, retrospective adjustments were made to measure them at their cost of acquisition less any accumulated depreciation and recoverable amount write-downs, as if they had always been measured using the cost basis.

The retrospective adjustments made at the beginning of the previous year were:

- a reduction in the consolidated carrying value of development properties of \$13.8 million
- an increase in consolidated retained profits of \$1.3 million, and
- a reduction in the consolidated asset revaluation reserve of \$15.1 million.

In the current year the directors elected under section 334(5) of the Corporations Act 2001 to apply the July 2001 revised Accounting Standard AASB 1041 'Revaluation of Non-Current Assets' for the financial year, even though the standard is not required to be applied until annual reporting periods ending on or after 30 September 2001.

K Current property, plant and equipment

Land and buildings held with the intent of sale within the next twelve months are classified as current assets and are valued at the lower of cost or net realisable value.

L Depreciation

(i) Buildings, fixtures, fittings and plant

Buildings and plant comprising lifts, air conditioning, fire protection systems and other installations are depreciated on a straight-line basis over the estimated useful life of the asset to the consolidated entity. Estimates of remaining useful lives are made on a regular basis for all assets. The expected useful lives are as follows:

	2001	2000
Buildings	25–40 years	25–40 years
Fixtures, fittings and plant	3–40 years	3–40 years

(ii) Leasehold improvements

The cost of leasehold improvements is amortised over the remaining period of the individual leases or the estimated useful life of the improvement to the consolidated entity, whichever is the shorter. Leasehold improvements held at the reporting date are being amortised over a maximum period of 20 years.

(iii) Plant, equipment and shop fittings

Plant, equipment and shop fittings (including application software) are depreciated on a straight-line basis over the estimated useful life of the asset to the consolidated entity. Estimates of remaining useful lives are made on a regular basis for all assets.

The expected useful lives are as follows:

	2001	2000
Plant, equipment and fittings	2.5–40 years	2.5–40 years

M Foreign exchange

Transactions

Transactions in foreign currencies within the consolidated entity are converted to local currency at the rate of exchange ruling at the date of the transaction.

Amounts payable to and by the entities within the consolidated entity that are outstanding at period end and are denominated in foreign currencies have been converted to local currency using rates of exchange ruling at the end of the financial period, or where applicable, the contractual exchange rate. The resulting gains or losses are credited or charged to the statement of financial performance.

Specific commitments

Exchange gains and losses, and costs, premiums and discounts on transactions intended to hedge the purchase or sale of goods or services are deferred up to the date of, and included in the measurement of the purchase or sale. In the case of hedges of monetary items, exchange gains and losses are brought to account in the period in which the exchange rates change. Gains or costs arising on entry into such hedging transactions are brought to account over the lives of the hedges.

Where a hedging transaction is terminated prior to maturity and the underlying transaction is still expected to occur, any gains or losses occurring prior to termination continue to be deferred and are brought to account in the measurement of the underlying transaction. Where the underlying transaction is no longer expected to occur, any previously deferred gains and losses are taken to statement of financial performance at the date of termination.

Where a hedging transaction is redesignated as a hedge of another transaction, gains and losses arising on the hedge prior to its redesignation are only deferred where the original anticipated transaction is still expected to occur. Where the original transaction is no longer expected to occur, any gains or losses relating to the hedge instrument are included in the statement of financial performance for the period.

General commitments

Exchange gains and losses on other hedge transactions are not deferred, but brought to account in the statement of financial performance in the period in which the exchange rates change. Gains or costs arising on entry into these transactions are brought to account at the time of entry and amortised over the lives of the hedges.

Foreign controlled entities

All foreign controlled entities are self-sustaining, as each is financially independent of the Company. The accounts of the foreign controlled entities are translated using the current rate method and any exchange differences are taken to the foreign currency translation reserve.

N Receivables

Trade and other debtors

Trade and other debtors are carried at nominal amounts due less any provision for doubtful debts. Provision for doubtful debts is made when collection of the full nominal amount is no longer probable.

Short term deposits

Short term deposits are stated at the lower of cost and net realisable value. Interest income is brought to account in the period in which it is earned.

O Intangibles

Liquor licences

Liquor licences are valued at cost, following the change in accounting policy described in Note 1(J). Previously, they were valued at Directors' valuation at 21 June 1992 being the Directors' estimate of the recoverable amount of the licences. On the change in accounting policy, the Directors' valuation has been deemed to be the original cost of the licences in accordance with the transitional provisions contained in Accounting Standard AASB 1041 'Revaluation of Non-Current Assets'.

Liquor licences are amortised over their estimated useful life. The estimate of the useful life of liquor licences has been reassessed. Liquor licences, which were previously considered to have a useful life of 20 years, are now considered to have an indefinite useful life. As a consequence, no amortisation of liquor licences has been charged for the year ended 24 June 2001. Had a change in estimate not taken place, then an amount of \$2.4 million would have been charged in the year to 24 June 2001.

Goodwill

Goodwill represents the excess of the purchase consideration over the fair value of identifiable net assets acquired at the time of acquisition of some, or all, of the assets or equity of another entity by entities within the consolidated entity.

Goodwill is amortised by the straight-line method over the period during which benefits are expected to be received, a period deemed to be 20 years.

P Investments

Interests in controlled entities are accounted for in the consolidated accounts as set out in Note 1(B) and at cost in Woolworths Limited's financial statements.

Interests in unlisted shares of associates are carried at the lower of cost and recoverable amount in Woolworths Limited's financial statements.

Interests in partnerships are stated at cost, adjusted by the consolidated entity's share of movements in the net assets of the partnership. The consolidated entity's share of the profit or loss of the partnership is brought to account as it is earned.

Interests in semi-government securities are carried at amortised cost, calculated after accounting for the discount or premium on acquisition. Interest income is taken to account as revenue on an effective yield basis.

Q Leases

Operating lease payments, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased items, are charged to the statement of financial performance in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

The cost of improvements made on or to leasehold properties is accounted for as described in Note 1(L)(ii).

R Accounts payable and accruals

These amounts represent liabilities for goods and services provided to the consolidated entity which were unpaid at the end of the period. The amounts are unsecured and are usually settled within 45 days of recognition.

S Interest bearing liabilities

Loans and funds accepted on deposit are carried at their principal amounts, representing the present value of future cash flows associated with servicing of the debt. Interest is recognised as an expense of the period in which it accrues and is recorded as an accrual in the statement of financial position until it is paid. Costs incurred in connection with borrowing are capitalised and amortised over the period of the borrowing.

T Employee entitlements

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, annual leave and vested sick leave are recognised, and are measured as the amount unpaid at period end at the current rates of pay in respect of employees' services up to that date.

Long service leave

A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to period end. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. The expected future cash flows are discounted, using interest rates attaching to Commonwealth Government guaranteed securities which have terms to maturity, matching their estimated timing as closely as possible.

Employee share schemes

The cost of the employee share scheme described in Note 25 is not charged as an employee entitlement expense.

Superannuation

The Company has a Superannuation Plan that exists to provide defined benefit and/or accumulation type benefits to employees and their dependents on retirement, disability or death.

For funding purposes, actuarial valuations are carried out approximately every 3 years for the Company's liability for the defined benefit and accumulation enhancement portions of the Plan. The Company's commitment in respect of accumulation benefits under the Plan is limited to making the specified contributions in accordance with the Rules of the Plan and/or any statutory obligations. The Company's contributions to the Superannuation Plan are expensed in the statement of financial performance as incurred.

U Borrowing costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and lease finance charges.

Borrowing costs are recognised as expenses in the period in which they are incurred, except where they are included in the cost of qualifying assets.

Qualifying assets are assets that take more than 12 months to prepare for their intended use or sale.

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the consolidated entity's outstanding borrowings during the year, in this case 7.58% (2000: 6.89%).

V Derivative financial instruments

The consolidated entity enters into forward foreign exchange contracts and interest rate swap agreements. Neither of these types of derivative financial instruments is recognised in the financial statements at inception.

Accounting for forward exchange contracts is in accordance with Note 1(M).

The net amount receivable or payable under interest rate swap agreements is progressively brought to account over the period to settlement.

The amount recognised is adjusted against interest expense during the period.

W Cash

For purposes of the statement of cash flows, cash includes deposits at call which are readily convertible to cash on hand and are subject to insignificant risk of changes in value, net of outstanding bank overdrafts.

X Earnings per share

Basic earnings per share is determined by dividing the operating net profit after tax attributable to the members of Woolworths Limited after deducting the Woolworths Income Notes distribution, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the period.

Diluted earnings per share adjusts the amounts used in the determination of basic earnings per share by taking into account any amounts unpaid on ordinary shares and any reduction in earnings per share that will probably arise from the exercise of options outstanding during the financial period.

Y Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

(i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the acquisition cost of an asset or as part of an item of expense;

or

(ii) for receivables or payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Consolidated		Woolworths Limited	
52 weeks ended 24 June 01	52 weeks ended 25 June 00	52 weeks ended 24 June 01	52 weeks ended 25 June 00
\$m	\$m	\$m	\$m

2 Profit from ordinary activities

Profit from ordinary activities before income tax includes the following items of revenue and expense:

(a) Operating revenue

Revenue from the sale of goods:

Related parties	-	-	72.6	115.1
Other parties	20,915.1	20,019.9	7,100.5	6,759.4
Other operating revenue – rebates, discounts received and other	473.6	372.4	163.8	221.8
Interest:				
Related parties	-	-	-	0.2
Other parties	10.7	8.9	10.0	8.1
Total operating revenue	21,399.4	20,401.2	7,346.9	7,104.6

(b) Other revenue from ordinary activities

Dividends:

Related parties	-	-	348.7	376.5
Rent:				
Related parties	-	-	-	1.9
Other parties	11.0	9.9	2.2	2.2
Gross proceeds from disposal of non-current assets	173.1	111.0	21.2	41.4
Gross proceeds on sale of businesses	76.1	44.5	76.1	28.9
Total other revenue from ordinary activities	260.2	165.4	448.2	450.9

Total revenue	21,659.6	20,566.6	7,795.1	7,555.5
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	Consolidated		Woolworths Limited	
	52 weeks ended	52 weeks ended	52 weeks ended	52 weeks ended
	24 June 01 \$m	25 June 00 \$m	24 June 01 \$m	25 June 00 \$m
(c) Expenses				
Amounts provided for:				
Bad and doubtful debts	2.1	4.6	1.2	0.7
Employee entitlements	169.9	157.2	59.1	49.7
Self-insured risks	69.7	50.8	36.2	13.8
Diminution in value of other financial assets	–	–	1.5	–
Net loss/(profit) on disposal of:				
Property, plant, equipment, fixtures and fittings	0.6	10.7	(0.8)	1.9
Depreciation of:				
Buildings	12.1	9.1	–	–
Plant and equipment, fixtures and fittings	262.9	247.5	84.3	78.9
Amortisation of:				
Leasehold improvements	25.7	24.1	7.7	8.4
Liquor licences	–	2.1	–	1.3
Goodwill	9.1	6.0	5.3	3.7
Contributions to defined benefit superannuation plans	76.3	65.3	30.9	28.1
Operating lease rental expenses:				
Leased premises				
– minimum lease payments	496.0	434.4	189.6	151.6
– contingent rentals	76.9	107.3	22.5	37.3
– sub-leases	1.3	5.0	0.5	0.1
Leased equipment				
– minimum lease payments	25.8	–	13.0	–
Total operating lease rental expenses	600.0	546.7	225.6	189.0
(d) Individually significant non-recurring items				
Rationalisation of warehousing and distribution functions	–	(4.3)	–	(4.3)
Reversal of provision for write-down in value of assets	9.3	20.7	9.3	20.7
Gain on disposal of Rockmans business	2.8	11.0	2.8	7.5
Loss on disposal of Chisholm Manufacturing business	(4.1)	–	(4.1)	–
Loss on disposal of Crazy Prices business	(11.4)	–	(11.4)	–
Restructuring and Project Refresh costs	(1.0)	(68.1)	(1.0)	(68.1)
GST implementation costs	–	(53.2)	–	(52.9)
Total individually significant non-recurring items	(4.4)	(93.9)	(4.4)	(97.1)

Notes to the financial statements

	Consolidated		Woolworths Limited	
	52 weeks ended 24 June 01	52 weeks ended 25 June 00	52 weeks ended 24 June 01	52 weeks ended 25 June 00
	\$m	\$m	\$m	\$m

3 Net finance costs

Interest income:

Related parties	–	–	–	0.2
Other parties	10.7	8.9	10.0	8.1
	10.7	8.9	10.0	8.3

Interest expense:

Other parties	(35.7)	(42.5)	(34.6)	(41.0)
Less: borrowing costs capitalised (Note 1(U))	11.9	5.8	11.9	5.8
	(23.8)	(36.7)	(22.7)	(35.2)

Net finance costs	(13.1)	(27.8)	(12.7)	(26.9)
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4 Auditors' remuneration

Audit services:

Deloitte Touche Tohmatsu	0.577	–	0.545	–
BDO	–	0.781	–	0.781
	0.577	0.781	0.545	0.781

Other services:

Deloitte Touche Tohmatsu	1.480	–	1.480	–
Deloitte Consulting	0.499	–	0.048	–
BDO	–	0.270	–	0.270
	1.979	0.270	1.528	0.270

Total auditors' remuneration	2.556	1.051	2.073	1.051
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5 Taxation

Prima facie income tax expense on the current period operating profit before income tax, calculated at 34% (2000 at 36%)

	235.8	179.9	185.6	187.9
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Tax effect of permanent differences:

Amortisation of intangibles	3.1	2.9	1.8	1.8
Depreciation of buildings	1.7	2.4	–	0.1
Building allowance deduction	(1.2)	(1.2)	–	–
Rebatable dividend income	–	–	(118.5)	(135.5)
Tax capital losses not recognised as a deduction	–	0.4	–	–
Woolworths Income Notes distribution deductible	(16.2)	(9.4)	(16.2)	(9.4)
Other permanent differences reducing tax payable	(7.7)	(9.9)	(0.9)	(9.1)
Other permanent differences increasing tax payable	1.9	6.2	0.2	5.0

Income tax expense on current year's operating profit	217.4	171.3	52.0	40.8
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Over provision in prior period	–	(1.5)	–	(14.2)
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Restatement of deferred tax balances due to change in company income tax rate	–	8.4	–	1.3
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Income tax expense attributable to operating profit	217.4	178.2	52.0	27.9
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	Consolidated		Woolworths Limited	
	52 weeks ended	52 weeks ended	52 weeks ended	52 weeks ended
	24 June 01 \$m	25 June 00 \$m	24 June 01 \$m	25 June 00 \$m
Income tax expense attributable to operating profit comprises:				
Provision for current income tax liability	230.6	183.8	47.0	51.9
Provision for deferred tax liability	(19.7)	(9.6)	(8.3)	7.3
Deferred tax asset	6.5	5.5	13.3	(17.1)
Over provision in prior period	–	(1.5)	–	(14.2)
	217.4	178.2	52.0	27.9
Future income tax benefits not brought to account as assets:				
Tax losses – capital	4.5	–	4.0	–
	4.5	–	4.0	–

The taxation benefits of tax losses not brought to account will only be obtained if:

- assessable income is derived of a nature and of amount sufficient to enable the benefit from the deductions to be realised;
- conditions for deductibility imposed by the law are complied with; and
- no changes in tax legislation adversely affect the realisation of the benefit from the deductions.

On 14 September 1992 the Company entered into a Subvention Agreement under which the tax losses within Industrial Equities Limited (IEL) were used to reduce taxes that the Company and certain of its controlled entities otherwise would have been required to pay to the Australian Tax Office (ATO) in respect of its 1991 and 1992 operating profit. The agreement ensures that the Company and certain of its controlled entities will either make a subvention payment to IEL or to the ATO to the extent that the ATO does not allow IEL losses to be grouped against taxable income of the Company and those controlled entities. These financial statements have been prepared on the assumption that these taxes will be paid to the ATO. This basis is consistent with the prior period.

6 Dividends paid or provided

Final dividend of 15 cents (2000: 13 cents) per fully paid ordinary share proposed to be paid 5 October 2001 (2000: 5 October 2000) 100% franked at 30% tax rate (2000: 34%)	155.4	137.8	155.4	137.8
Interim dividend of 12 cents (2000: 10 cents) per fully paid ordinary share paid 27 April 2001 (2000: 28 April 2000) 100% franked at 34% tax rate (2000: 36%) (Class C)	128.7	105.7	128.7	105.7
Special dividend of \$5.82 (2000: \$2.47) per fully paid ordinary share paid 22 June 2001 (2000: 7 April 2000) to shareholders participating in the off market share buy-back 100% franked at 34% (2000: 36%) (Class C)	232.9	247.0	232.9	247.0
Total dividends paid or provided	517.0	490.5	517.0	490.5

	Consolidated		Woolworths Limited	
	52 weeks ended	52 weeks ended	52 weeks ended	52 weeks ended
	24 June 01	25 June 00	24 June 01	25 June 00
	\$m	\$m	\$m	\$m

Dividends paid in cash or satisfied by the issue of new shares under the Dividend Reinvestment Plan during the years ended 24 June 2001 and 25 June 2000 were as follows:

Paid in cash:

Final and interim dividends	212.1	173.5	212.1	173.5
Special buy-back dividend	232.9	247.0	232.9	247.0
Satisfied by the issue of new shares	54.7	47.3	54.7	47.3
	499.7	467.8	499.7	467.8

Franked dividends

The franked portions of the dividends proposed as at 24 June 2001 will be franked out of existing franking credits or out of franked credits arising from the payment of income tax in the year ending June 2002.

Franking credits available for the subsequent financial year 30% (2000: 34%) franking credits

	402.2	417.8	83.1	143.9
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The above amounts represent the balances of the franking accounts as at the end of the financial period, adjusted for:

- (a) Franking credits that will arise from the payment of income tax payable at the end of the financial period; and
- (b) Franking debits that will arise from the payment of dividends proposed at the end of the financial period.

	Supermarkets		General merchandise	
	2001	2000	2001	2000
	\$m	\$m	\$m	\$m

7 Segment disclosures

Industry segments

Sales to customers	17,519.4	16,499.0*	2,487.8	2,444.7*
Unallocated revenue				
Total revenue excluding interest	17,519.4	16,499.0	2,487.8	2,444.7
Segment operating profit	618.6	533.0	114.2	100.3
Unallocated expenses				
– Property				
– Head office				
Net interest				
Operating profit before income tax				
Segment assets	2,727.0	2,492.1	788.5	647.4
Unallocated				
Total assets				

	Wholesale		Discontinued operations		Consolidated	
	2001 \$m	2000 \$m	2001 \$m	2000 \$m	2001 \$m	2000 \$m
Industry segments						
Sales to customers	697.8	716.5*	210.1	359.7*	20,915.1	20,019.9*
Unallocated revenue					733.8	537.8
Total revenue excluding interest	697.8	716.5	210.1	359.7	21,648.9	20,557.7
Segment operating profit/(loss)	5.0	2.9	(5.3)	10.8	732.5	647.0
Unallocated expenses						
– Property					33.1	24.8
– Head office					(59.0)	(144.1)
Net interest					(13.1)	(27.8)
Operating profit before income tax					693.5	499.9
Segment assets	156.7	179.1	–	95.8	3,672.2	3,414.4
Unallocated					1,411.0	1,402.4
Total assets					5,083.2	4,816.8

* Sales for the 52 weeks ended 25 June 2000 include wholesale sale tax (WST).
Sales adjusted to exclude WST were as follows:

Supermarkets	15,723.8
General merchandise	2,252.1
Wholesale	675.3
Discontinued operations	337.6
Total	18,988.8

Inter segment pricing is determined on an arms length basis.

The consolidated entity operates predominantly in Australia. More than 99% of revenue, operating profit before income tax and total assets relate to operations within Australia.

The periods reported are for the 52 weeks ended 24 June 2001 and 25 June 2000, respectively.

Notes to the financial statements

	Consolidated		Woolworths Limited	
	As at 24 June 01 \$m	As at 25 June 00 \$m	As at 24 June 01 \$m	As at 25 June 00 \$m
8 Receivables				
Current				
Trade receivables	91.8	85.9	9.0	11.0
Less: Provision for doubtful debts	(4.1)	(3.4)	(1.3)	(0.4)
	87.7	82.5	7.7	10.6
Other receivables	103.2	75.9	46.7	32.6
Less: Provision for doubtful debts	(0.8)	(0.8)	(0.4)	(0.6)
	102.4	75.1	46.3	32.0
Short term deposits	2.2	2.3	1.9	1.9
Staff and other advances	2.6	4.1	2.8	4.7
	194.9	164.0	58.7	49.2
Non-current				
Other debtors	8.8	0.4	8.7	0.4
Employee loans	35.4	47.3	35.4	47.3
Loans to controlled entities	–	–	1,662.6	1,486.8
	44.2	47.7	1,706.7	1,534.5

9 Other assets

Current

Prepayments	78.9	84.6	27.6	36.6
Borrowing costs	0.6	0.5	0.6	0.5
Less: Amortisation	(0.5)	(0.3)	(0.5)	(0.3)
	79.0	84.8	27.7	36.8

Non-current

Borrowing costs	0.5	0.5	0.5	0.5
	0.5	0.5	0.5	0.5

10 Investments accounted for using the equity method

(a) Details of investment in associates

Name	Principal activity	% Ownership	Investment carrying amount	
GreenGrocer.com.au	On-line retailing	38.1%	16.8	–
			16.8	–

(b) Movements in investments in associates

Amount paid on acquisition	18.3	–
Share of loss from ordinary activities	(1.5)	–
Equity accounted amount of investment at end of period	16.8	–

	Consolidated		Woolworths Limited	
	As at 24 June 01 \$m	As at 25 June 00 \$m	As at 24 June 01 \$m	As at 25 June 00 \$m
(c) Commitments				
Share of associates operating lease commitments payable:				
Not later than one year	0.3	–		
Later than one year, not later than five	0.4	–		
Later than five years	–	–		
	0.7	–		
Share of associates finance lease commitments payable:				
Not later than one year	0.2	–		
Later than one year, not later than five	0.4	–		
Later than five years	–	–		
	0.6	–		
(d) Summarised financial position of associates				
Aggregate assets and liabilities of associates is as follows:				
Current assets	6.3	–		
Non-current assets	3.1	–		
Total assets	9.4	–		
Current liabilities	(3.4)	–		
Net assets	6.0	–		
Net loss	(3.8)	–		
Woolworths Limited share of accumulated loss	(1.5)	–		

11 Other financial assets

Non-current

Controlled entities:

Unlisted shares at cost	–	–	78.8	71.3
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Other corporations:

Associated entity unlisted shares at cost	–	–	18.3	–
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Less: provision for diminution in value of shares	–	–	(1.5)	–
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	–	–	16.8	–
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Unlisted shares at cost	0.1	0.1	–	–
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Interest in partnership	0.8	0.8	–	–
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Semi-government securities, at cost	0.5	0.5	0.5	0.5
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	1.4	1.4	96.1	71.8
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Semi-government securities

The semi-government securities which were acquired on 21 February 2001 represent NSW Treasury Inscribed Stock. The principal is \$500,000 and maturity is 21 August 2001. The current interest rate is 5.33% p.a.

Notes to the financial statements

	Consolidated		Woolworths Limited	
	As at 24 June 01 \$m	As at 25 June 00 \$m	As at 24 June 01 \$m	As at 25 June 00 \$m
12 Property, plant and equipment				
Current				
Development properties:				
At cost	126.8	98.0	–	–
	126.8	98.0	–	–
Non-current				
Development properties:				
At cost	199.1	142.8	–	–
Less: Accumulated depreciation on buildings	(3.8)	(3.1)	–	–
	195.3	139.7	–	–
Freehold warehouse, retail and other properties:				
At cost	338.1	350.7	–	–
Less: Accumulated depreciation on buildings	(18.4)	(11.3)	–	–
	319.7	339.4	–	–
Leasehold improvements:				
At cost	342.5	309.8	133.8	125.3
Less: Accumulated amortisation	(130.7)	(108.7)	(47.1)	(40.3)
	211.8	201.1	86.7	85.0
Plant and equipment:				
At cost	3,000.0	2,828.7	894.7	851.5
Less: Accumulated depreciation	(1,596.1)	(1,412.8)	(511.4)	(464.7)
	1,403.9	1,415.9	383.3	386.8
	2,130.7	2,096.1	470.0	471.8
Total property, plant and equipment – net book value	2,257.5	2,194.1	470.0	471.8

Reconciliations

Reconciliations of the carrying amounts of each class of non-current property, plant and equipment at the beginning and end of the current and previous financial periods are set out below:

	Development properties	Warehouse, retail and other properties	Leasehold improvements	Plant and equipment
Consolidated – 2001				
Carrying amount at start of period	139.7	339.4	201.1	1,415.9
Additions	99.2	50.7	26.0	405.8
Disposals	(38.4)	(23.4)	(7.5)	(148.8)
Depreciation/amortisation expense	–	(12.1)	(25.7)	(262.9)
Transfers (to)/from current assets	(5.2)	(34.9)	17.9	(6.1)
Carrying amount at end of period	195.3	319.7	211.8	1,403.9
Consolidated – 2000				
Carrying amount at start of period	66.0	401.0	202.8	1,460.5
Additions	57.0	8.9	29.1	314.2
Disposals	(26.2)	(1.4)	(6.7)	(105.2)
Depreciation/amortisation expense	(0.8)	(8.2)	(24.1)	(247.5)
Transfers (to)/from current assets	43.7	(60.9)	–	(6.1)
Carrying amount at end of period	139.7	339.4	201.1	1,415.9
Woolworths Limited – 2001				
Carrying amount at start of period	–	–	85.0	386.8
Additions	–	–	8.9	143.1
Disposals	–	–	(5.6)	(59.8)
Depreciation/amortisation expense	–	–	(7.7)	(84.3)
Transfers (to)/from current assets	–	–	6.1	(2.5)
Carrying amount at end of period	–	–	86.7	383.3
Woolworths Limited – 2000				
Carrying amount at start of period	–	–	80.7	383.0
Additions	–	–	14.3	124.3
Disposals	–	–	(1.6)	(41.7)
Depreciation/amortisation expense	–	–	(8.4)	(78.8)
Carrying amount at end of period	–	–	85.0	386.8

Notes to the financial statements

	Consolidated		Woolworths Limited	
	As at 24 June 01 \$m	As at 25 June 00 \$m	As at 24 June 01 \$m	As at 25 June 00 \$m
13 Intangibles				
Non-current				
Liquor licences:				
At cost	52.5	43.8	29.2	26.3
Accumulated amortisation	(13.1)	(13.1)	(7.8)	(7.8)
	39.4	30.7	21.4	18.5
Goodwill – at cost	298.4	130.1	105.9	79.1
Accumulated amortisation	(24.4)	(15.8)	(17.0)	(11.6)
	274.0	114.3	88.9	67.5
	313.4	145.0	110.3	86.0

Following the change in the determination of useful life of liquor licences from 20 years to one of indefinite life, no amortisation has been charged in the year to 24 June 2001, as set out in Note 1(0).

14 Interest bearing liabilities

Current

Unsecured

Bank loans	340.0	–	340.0	–
Short term money market loans	–	125.0	–	125.0
Funds accepted on short term deposit	1.7	4.9	0.2	0.2
	341.7	129.9	340.2	125.2

Non-current

Unsecured

Other loans	285.0	285.2	285.0	285.2
	285.0	285.2	285.0	285.2

Secured

Bank loans	16.9	17.1	–	–
	301.9	302.3	285.0	285.2

Bank loans

Unsecured bank loans represent a 3 to 5 year \$835 million revolving credit facility, comprising a series of bilateral loan agreements, maturing from financial years 2004 to 2006. Each draw-down under the facility has a term of between one and six months, and may be rolled over on maturity. Interest is payable on roll-over, at a rate calculated as the Bank Bill Swap yield plus a margin. The facility is subject to a negative pledge agreement. The latest maturity date for the loans outstanding at 24 June 2001 is 28 December 2001. The weighted average interest rate on the amounts outstanding was 5.27%.

Secured bank loans represent draw-downs on a multi option facility secured by a mortgage over land and buildings and an equitable charge over the assets of a controlled entity. Interest is payable on this facility at both fixed and variable rates.

Other loans

Other loans comprise Medium Term Notes of \$80 million and \$70 million which were issued into the domestic market and mature on 20 August 2007. Interest is payable on these issues, quarterly at the Bank Bill Swap rate plus a margin and semi-annually at a fixed rate on a bond basis, respectively. Senior Notes of \$100 million US dollars were issued in the United States capital markets, maturing on 1 September 2007. Under the principal agreement, interest is payable on this debt semi-annually in US dollars, at a fixed rate. The Company has entered into cross currency swaps in respect of these borrowings (refer Note 28) which eliminate all foreign currency exposures.

Short term money market loans

Short term money market loans represent monies borrowed from financial institutions participating in the money market on an 11am call basis. There were no loans outstanding at 24 June 2001.

Funds accepted on short term deposit

Funds accepted on short term deposit represent retention monies held on certain construction projects and amounts received from certain retired employees.

Consolidated		Woolworths Limited	
As at	As at	As at	As at
24 June 01	25 June 00	24 June 01	25 June 00
\$m	\$m	\$m	\$m

15 Financing arrangements

Unrestricted access was available at balance date to the following lines of credit:

Total facilities

Bank overdrafts	12.0	10.0	10.0	10.0
Bank loan facilities	952.5	917.5	935.0	900.0
	964.5	927.5	945.0	910.0

Used at balance date

Bank overdrafts	–	–	–	–
Bank loan facilities	356.9	17.1	340.0	–
	356.9	17.1	340.0	–

Unused at balance date

Bank overdrafts	12.0	10.0	10.0	10.0
Bank loan facilities	595.6	900.4	595.0	900.0
	607.6	910.4	605.0	910.0

Bank loan facilities may be drawn at any time, subject to the covenants of the lending agreements. All facilities are denominated in Australian dollars. The bank overdraft facilities are unsecured and may be drawn at any time.

Consolidated		Woolworths Limited	
As at	As at	As at	As at
24 June 01	25 June 00	24 June 01	25 June 00
\$m	\$m	\$m	\$m

16 Foreign currency receivables and payables

The Australian dollar equivalents of unhedged amounts receivable and payable in foreign currencies, calculated at year end exchange rates, are as follows:

Amounts payable

Current

United States dollars	56.3	34.1	45.4	27.3
Hong Kong dollars	0.5	14.8	0.5	14.7
Japanese yen	–	0.2	–	–
Other currencies	0.5	1.1	0.5	1.1

17 Provisions

Current

Employee entitlements	194.7	182.5	74.9	67.5
Self-insured risks	57.2	50.3	20.1	14.1
Asset write-down	–	9.3	–	9.3
Restructuring and GST costs	20.0	71.8	13.4	71.8
Dividends	155.4	137.8	155.4	137.8
	427.3	451.7	263.8	300.5

Non-current

Employee entitlements	92.8	84.8	34.2	29.6
Self-insured risks	91.8	66.1	36.1	12.3
	184.6	150.9	70.3	41.9

Total provisions	611.9	602.6	334.1	342.4
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Consolidated		Woolworths Limited	
As at	As at	As at	As at
24 June 01	25 June 00	24 June 01	25 June 00
\$m	\$m	\$m	\$m

18 Contributed equity

Issued and paid-up share capital

Fully paid ordinary shares:

1,035,461,356 (2000: 1,059,994,471) 476.2 494.0 476.2 494.0

Fully paid ordinary shares carry one vote per share.

Reconciliation of fully paid share capital – (\$ millions)

Balance at beginning of period	494.0	721.4	494.0	721.4
Issue of shares under employee share plan	37.4	24.9	37.4	24.9
Issue of shares under employee share issue plan (nil consideration)	–	–	–	–
Issue of shares as a result of options exercised under executive share option plan	6.6	1.9	6.6	1.9
Issue of shares as a result of dividend reinvestment plan	54.7	47.2	54.7	47.2
Shares bought back	(116.5)	(301.4)	(116.5)	(301.4)
Balance at end of period	476.2	494.0	476.2	494.0

Reconciliation of fully paid share capital – (no of shares)

	millions	millions	millions	millions
Balance at beginning of period	1,060.0	1,152.8	1,060.0	1,152.8
Issue of shares under employee share plan	4.6	5.1	4.6	5.1
Issue of shares under employee share issue plan	1.5	2.7	1.5	2.7
Issue of shares as a result of options exercised under executive share option plan	1.8	0.6	1.8	0.6
Issue of shares as a result of dividend reinvestment plan	7.6	9.3	7.6	9.3
Shares bought back	(40.0)	(110.5)	(40.0)	(110.5)
Balance at end of period	1,035.5	1,060.0	1,035.5	1,060.0

On 22 June 2001 the company completed an off market buy-back of 40,024,681 shares, representing 4% of ordinary shares on issue on that date. The offer price comprised a return of capital and a fully franked dividend, with the return of capital having a total value of \$115.3 million. Costs of \$1.2 million relating to the buy-back offer were charged against issued capital.

Notes to the financial statements

	Consolidated		Woolworths Limited	
	As at 24 June 01 \$m	As at 25 June 00 \$m	As at 24 June 01 \$m	As at 25 June 00 \$m

19 Reserves

(a) Reserves

Capital profits reserve	63.7	63.7	2.6	2.6
Asset revaluation reserve	74.4	74.4	0.6	0.6
General reserve	46.9	46.9	45.5	45.5
Foreign currency translation reserve	(2.2)	(3.3)	–	–
	182.8	181.7	48.7	48.7

Reconciliation

Capital profits reserve

Balance at beginning of period	63.7	68.6	2.6	2.6
Transfer from asset revaluation reserve on disposal of non-current assets	–	(4.9)	–	–
Balance at end of period	63.7	63.7	2.6	2.6

Asset revaluation reserve

Balance at beginning of period	74.4	84.6	0.6	0.6
Transfer to capital profits reserve	–	4.9	–	–
Adjustment resulting from reversion to cost basis on change in accounting policy	–	(15.1)	–	–
Balance at end of period	74.4	74.4	0.6	0.6

General reserve

Balance at beginning of period	46.9	46.9	45.5	45.5
Balance at end of period	46.9	46.9	45.5	45.5

Foreign currency translation reserve

Balance at beginning of period	(3.3)	(2.7)	–	–
Net exchange differences on translation of controlled foreign entities	1.1	(0.6)	–	–
Balance at end of period	(2.2)	(3.3)	–	–

Total reserves	182.8	181.7	48.7	48.7
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	Consolidated		Woolworths Limited	
	As at 24 June 01 \$m	As at 25 June 00 \$m	As at 24 June 01 \$m	As at 25 June 00 \$m
20 Total equity reconciliation				
Total equity at beginning of period	1,630.9	1,484.6	1,200.5	867.4
Total changes in equity recognised in the statement of financial performance	476.8	305.9	494.0	494.1
Transactions with owners as owners:				
– Issue of shares as per note 18	98.7	74.0	98.7	74.0
– Shares bought back as per note 18	(116.5)	(301.4)	(116.5)	(301.4)
– Contribution of Woolworths Income Notes (WINS)	–	583.0	–	583.0
– Woolworths Income Notes distribution	(47.7)	(26.1)	(47.7)	(26.1)
– Dividends paid or provided	(284.1)	(243.5)	(284.1)	(243.5)
– Special dividend	(232.9)	(247.0)	(232.9)	(247.0)
Increase in outside equity interest	0.4	0.1	–	–
Adjustment due to initial adoption of accounting standard	–	1.3	–	–
Total equity at end of period	1,525.6	1,630.9	1,112.0	1,200.5

21 Woolworths Income Notes

Issued and paid-up quasi-equity securities

Fully paid, on issue:

6,000,000 securities of \$100 face value each	583.0	583.0	583.0	583.0
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The Woolworths Income Notes (WINS) are perpetual and have no maturity date, and will not be repaid other than on a winding up of the Company, or at Woolworths option in certain defined circumstances.

The holders of WINS are entitled to a distribution calculated and paid quarterly in arrears, at a margin of 2.00% over the 90 day bank bill swap rate at the beginning of the relevant quarter. The payment of this distribution is contingent upon the Company having sufficient distributable profits in the previous financial period. Dividends may not be paid on Woolworths ordinary shares after non-payment of a distribution until four subsequent quarterly distributions have been made, or the missed distributions have been made up.

Notes to the financial statements

Consolidated		Woolworths Limited	
As at	As at	As at	As at
24 June 01	25 June 00	24 June 01	25 June 00
\$m	\$m	\$m	\$m

22 Contingent liabilities

The details and estimated maximum amounts of contingent liabilities which may become payable are shown below. No provision has been made in the financial statements in respect of these contingencies.

Guarantees

Trading guarantees	8.4	6.8	7.9	6.7
Workers' compensation self-insurance guarantees	128.3	101.7	104.8	79.8

Unsecured guarantees in respect of performance covenants in tenancy and other contracts. The total amount of these guarantees is indeterminable but no event has or is anticipated to occur that would result in crystallisation of the liability.

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Under the terms of a Deed of Cross Guarantee, the Company has guaranteed the debts of certain controlled entities, thereby relieving them of the need to prepare financial statements under ASIC Class Order 98/1418.

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Litigation

Litigation in progress or threatened against the Company and certain of its controlled entities	4.5	4.5	4.5	4.5
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Other

Outstanding letters of credit issued to suppliers	15.8	23.5	5.9	17.2
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Consolidated		Woolworths Limited	
As at	As at	As at	As at
24 June 01	25 June 00	24 June 01	25 June 00
\$m	\$m	\$m	\$m

23 Commitments for expenditure

Capital expenditure commitments

Estimated capital expenditure under firm contracts, not provided for in these financial statements, payable:

Not later than one year	373.0	221.6	276.9	84.2
Later than one, not later than two years	–	–	–	–
Later than two, not later than five years	–	–	–	–

373.0	221.6	276.9	84.2
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Operating lease commitments

Future minimum rentals under non-cancellable operating leases not provided for in these financial statements, payable:

Not later than one year	550.4	519.8	208.0	184.9
Later than one year, not later than five years	1,973.4	1,816.7	754.1	638.0
Later than five years	3,811.8	3,227.2	1,479.2	1,317.1

Total future minimum lease payments not provided for	6,335.6	5,563.7	2,441.3	2,140.0
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The commitments set out above do not include contingent turnover rentals, which are charged on many of the retail premises leased by the Company and its controlled entities. These rentals are calculated as a percentage of the turnover of the store occupying the premises, with the percentage and turnover threshold at which the additional rentals commence varying with each lease agreement.

The Company and consolidated entity leases retail premises and warehousing facilities for periods of up to 70 years. Generally the lease agreements are for an average term of 5 years and include renewal options for an additional 5 years. Under most leases, the Company is responsible for property taxes, insurance, maintenance and expenses related to the leased properties.

24 Events subsequent to balance date

Since 24 June 2001, and in accordance with an agreement entered into on 4 June 2001, the consolidated entity has completed the acquisition of 41 Franklins stores at a cost of \$176.3 million.

On 6 July 2001 the consolidated entity agreed to lease 69 Liberty Oil outlets in NSW, Victoria, Queensland, South Australia, Western Australia and Tasmania, which will be progressively converted to Woolworths' Plus Petrol sites.

Since 24 June 2001 the consolidated entity has executed agreements with a number of banks increasing its unsecured revolving credit facilities from \$835 million to \$1,060 million.

The financial effects of the above transactions have not been brought to account in the financial statements for the 52 weeks ended 24 June 2001.

25 Employee entitlements

Aggregate employee entitlements

The aggregate employee entitlement liability recognised and included in the financial statements is as follows:

	Consolidated		Woolworths Limited	
	As at 24 June 01 \$m	As at 25 June 00 \$m	As at 24 June 01 \$m	As at 25 June 00 \$m
Provision for employee entitlements:				
Current (Note 17)	194.7	182.5	74.9	67.5
Non-current (Note 17)	92.8	84.8	34.2	29.6
	287.5	267.3	109.1	97.1

Superannuation plans

All permanent salaried employees of the Company and its controlled entities are eligible to join the Woolworths Group Superannuation Scheme (Woolworths Super). This Scheme provides lump sum accumulation benefits to members on retirement, disability or death.

The right to receive lump sum defined benefits based on years of service and final average salary has been preserved for former members of defined benefit categories of superannuation funds previously sponsored by the Company.

The Company and certain of its controlled entities are legally obliged to contribute to Woolworths Super at fixed rates as set out in the Trust Deed and Rules. Members contribute to the Scheme at fixed rates dependent upon their membership category.

The Company is also obliged to contribute at fixed rates to defined contribution retirement plans for certain employees under awards, industrial agreements and superannuation legislation. The Company and its controlled entities contributed to Woolworths Super and to various industry based superannuation funds during the current financial period.

Actuarial assessments of Woolworths Super are made at intervals of no more than three years. The last actuarial assessment was as at 31 August 1999. In a report dated 7 April 2000 by Peter Hughes, FIA, FIAA, the actuary concluded that the available net assets of the Scheme were sufficient to meet all benefits payable in the event of the Scheme's winding up, or the voluntary or compulsory termination of the employment of each member with the Company and its controlled entities.

The Scheme assets at net market value, accrued benefits and the vested benefits, based on the last actuarial report, and the last annual financial report of the Scheme dated 31 August 2000, are set out below. Accrued benefits are those that the Scheme is presently obliged to pay at some later date, based on membership of the Scheme. Vested benefits are those benefits that would be currently payable to members on resignation from the Scheme, that do not depend on any other factor.

	2000 \$m	1999 \$m
Scheme assets at net market value	643.6	566.6
Members reserves*	**640.6	***559.4
Excess of scheme assets over members reserves	3.0	7.2
Vested benefits	591.2	534.6

* Members reserves are the sum of accrued benefits plus the Additional Death Benefit Reserve plus the Investment Fluctuation Reserve

** Estimated members reserves as at 31 August 2000

*** Actual members reserves as at 31 August 1999

Employee Share Plan ('Share Plan')

The Share Plan has been established to enable all non-executive employees the opportunity to participate in the acquisition of shares in Woolworths Limited at market price with an interest free loan from the Company to finance the acquisition. The Rules of this Plan were amended, with approval of a special resolution of shareholders at the Annual General Meeting held on 26 November 1999. Amendments to the rules have been indicated as appropriate.

Eligibility

All permanent non-executive employees of Woolworths with 1 year (formerly 2 years) full-time service, or its part-time or casual equivalent, are eligible to participate in the Share Plan. The Directors may permit offers to employees with less service. The number of shares currently offered to each eligible employee ranged from 100 to 7,500 (formerly 5,000) depending on the employee's position with Woolworths, salary and years of service.

Loans

The Company makes an interest free loan to the Trustee of the Plan, as agent for each participant, to finance the acquisition of shares. Loans are limited in recourse to the proceeds of sale of shares acquired. Dividends and other distributions on the shares are applied to repay the loan. Following amendment of the Plan Rules as noted above, part of each dividend or other distribution is paid to the participant to enable them to fund any tax liability arising from them. The loan may be repaid at any time after 3 years and in any event must be repaid when the employee ceases employment with Woolworths or after 10 years or when a takeover offer is accepted for the shares, whichever is the earlier. If loans are not repaid, the shares will be sold and the funds received after payment of costs and expenses will be applied to repay the loan.

Entitlement to shares

Shares are allotted at the lower of the average market price of the shares in the Company traded on the ASX in the 5 trading days before the date of the offer, or in the 5 trading days up to and including the date Plan shares are allotted, with the total amount payable by each participant reduced by \$1.00. Prior to amendment of the Plan Rules, shares were allotted at the average market price of the shares in the Company traded on the ASX in the 5 trading days before the date of the offer. All shares acquired under the Share Plan are held by a wholly-owned subsidiary of the Company (Woolworths Custodian Pty Limited) as Trustee of the Share Plan. At any time after 3 years from the date of acquisition a participant may request the Trustee to transfer the shares, but only if the loan made to acquire those shares is repaid in full. Shares may be transferred earlier at the discretion of the Directors on the employee's death or retirement, but only if the loan made to acquire the shares is repaid in full. The Trustee may exercise the voting rights attached to the shares in the manner directed by the Directors until they are transferred to the participant.

At 24 June 2001 there were 35,391 (2000: 27,523) participating employees who held a total of 17,034,377 (2000: 14,685,020) shares. During the 52 week period 4,614,984 (2000: 5,126,767) shares were issued.

The total amount receivable by the Company in relation to these shares was \$35,373,540 as at 24 June 2001 (2000: \$50,446,897). On 5 January 2001 employee loans amounting to \$45,000,000 were assigned under an Agency Deed.

Executive Share Option Plan ('Former Option Plan')

The Former Option Plan was established to enable executive employees to acquire an initial allocation of options in the Company and thereafter annually, subject to the achievement of certain profit targets, as outlined below. Following approval of the Executive Option Plan (noted below) by a special resolution of shareholders at the Annual General Meeting on 26 November 1999, no further grants will be made under the Former Option Plan.

General offers

Under the Former Option Plan an initial offer of 6,835,000 options was made to 218 executive employees of Woolworths in 1993. The number of options offered to each executive was based on the executive's management level. Upon appointment as an executive (or promotion to a more senior level) the executive may have been offered options or further options.

Price and exercise

There was no amount paid in respect of the grant of the options. They may normally only be exercised after 4 years from the date of grant of the options. At the Company's discretion, options may be exercised at an earlier date in proportion to the time elapsed if a takeover bid is made for shares in the Company or, if the participant retires, is made redundant or voluntarily ceases employment with Woolworths. If an executive resigns or is dismissed the options will generally lapse. Options expire after 5 years from the date of issue. Options may not be transferred. Each option is to subscribe for one fully paid ordinary share in the Company and, when issued, the shares will rank equally with all other fully paid ordinary shares. For options issued subsequently, the exercise price is the greater of fifty cents and the prevailing market price when the option was granted.

At 24 June 2001 there were 4,046,000 (2000: 5,648,000) options outstanding under the Former Option Plan. During the 52 week period ended 24 June 2001 no options (2000: nil) were granted.

Executive Option Plan ('Option Plan')

Establishment of this new Executive Option Plan was approved by a special resolution of shareholders at the Company's Annual General Meeting on 26 November 1999. The Option Plan was established to more closely align executive remuneration with shareholder value creation. Under the Option Plan, eligible executives selected by the Company are invited to apply for up to a specified number of options over shares in the Company. The size and timing of invitations is at the discretion of the Company, but the total number of options outstanding and subject to invitation under the Option Plan is limited to no more than 5% of the total number of shares on issue at the date of the invitation.

Performance hurdles

Options granted to selected employees are issued on the basis of achievement of performance hurdles comprising Earnings per Share (EPS) hurdle vesting conditions for 50% of each grant and a Total Shareholder Return (TSR) hurdle for the remaining 50% of each grant. The EPS and TSR hurdles for options issued to the Group Managing Director are the same as those that apply to all other executives. Each grant of options will be divided into four tranches, with the tranches vesting and being exercisable progressively over the 5 years following the grant date (Group Managing Director over 3 to 5 years), upon achievement of the specified performance hurdles.

Price and exercise

There is no amount paid in respect of the grant of options. Only vested options may be exercised and the first exercise date is the third anniversary of the date that the options are taken to be granted to the executive. At the Company's discretion, any or all of the options may be exercised at an earlier date if a takeover bid is made for shares in the Company or, if the participant retires, is made redundant or voluntarily ceases employment with Woolworths. If an executive resigns or is dismissed the options will generally lapse. Options expire after the earlier of 10 years from the date of grant or up to 12 months after termination of employment. Options are not transferable except with the approval of the Company or by force of law on death or legal incapacity. Each option is to subscribe for one new fully paid ordinary share in the Company and, when issued, the shares will rank equally with all other fully paid ordinary shares. The exercise price per share for those options comprising the initial grant date of 1 July 1999 is \$5.11. For options issued subsequently, the exercise price will be an amount determined by the Company from time to time.

At 24 June 2001 there were 34,592,000 (2000: 32,620,000) options outstanding. During the 52 week period ended 24 June 2001 3,195,000 (2000: 32,715,000) options were granted at an exercise price of \$6.17 (2000: \$5.11).

Employee Share Purchase Plan ('Share Purchase Plan')

The Share Purchase Plan was established in 1992 to enable all permanent employees of Woolworths to acquire shares in the Company on an annual basis at a discount to the prevailing market price. The Share Purchase Plan was suspended in 1999 at the time of the establishment of the Employee Share Issue Plan details are referred to on pages 35 to 36. No offers have been made under the Share Purchase Plan during the 52 week period ended 24 June 2001.

Executive Management Share Plan ('EMSP')

The Executive Management Share Plan was established following approval by shareholders at the Company's Annual General Meeting on 26 November 1999. The EMSP allows executive management including executive directors to forego some of their future pre-tax remuneration to acquire shares in the Company on-market at prevailing ASX market prices.

Operation

Under the EMSP executive managers are given the opportunity to agree to sacrifice an amount of their future potential salary or bonus, which the Company will contribute to the Plan Trustee for the purchase of Woolworths shares on-market at the prevailing market price on the ASX. After acquisition of all shares during a particular buying period, the shares are allocated to the participating executive managers. The shares are allocated at the average buying price achieved by the Plan Trustee during the buying period. Allocation of the shares may be subject to conditions, which must be met, or the shares may be forfeited. The shares are also subject to forfeiture by a participant in a number of circumstances including dishonesty, fraud or breach of duty by the participant. Shares may only be withdrawn from the EMSP on cessation of employment or on application to the Plan Trustee. Applications during any non-disposal period will only be allowed in special circumstances.

Loans

Woolworths do not provide employees with any loans to assist in the acquisition of the shares under the EMSP. Funds advanced to the trustee of the Plan are funds that would otherwise have been distributed as remuneration to senior management.

Rights attaching to shares

Shares issued under the EMSP rank equally with all other fully paid ordinary shares. Dividends and all other rights attaching to the shares that have been allocated to a participant, accrue to the participant.

Limit

Shares may not be acquired under the EMSP if as a result of that acquisition the maximum number of shares held under the EMSP and the Non-executive Director Share Plan (see Note 27) would exceed 2% of Woolworths total issued capital.

During the 52 week period ended 24 June 2001, 106,682 (2000: 11,948) shares were purchased under the EMSP.

Employee Share Issue Plan ('ESIP')

The ESIP was established following approval by shareholders at the Company's Annual General Meeting on 26 November 1999. The ESIP allows for the issue of shares to eligible employees for no monetary consideration. The ESIP complies with the various conditions specified by Government taxation legislation, to enable permanent employees to obtain a benefit of up to the \$1,000 per employee per annum tax free concession on discounts under employee incentive schemes (Ongoing Offers).

Offers

The initial offer under the ESIP was 75 fully paid ordinary shares to each eligible staff member with a minimum period of continuous service. Shares are acquired in the individual employee's name and are non-transferable until the earlier of three years from the date of issue or the employees cessation of employment with the Woolworths Group. There is no provision for the forfeiture of shares.

Loans

As the shares issued under the ESIP are issued for no monetary consideration, the arrangement does result in Woolworths giving financial assistance for the acquisition of Woolworths shares for the purposes of the Corporations Act.

Rights attaching to shares

Shares issued under the ESIP rank equally with all other fully paid ordinary shares.

Limit

The ESIP rules allow for the issue of additional shares to employees from time to time and the Company has determined that it will make any further offers in accordance with the approval of shareholders at the AGM on 20 November 2000.

During the 52 week period ended 24 June 2001 1,450,950 (2000: 2,658,750) shares were issued for no consideration. The market price on the date of issue was \$8.26 (2000: \$4.94).

Executive Service Contracts ('Service Contracts')

In addition, the Company has entered into Service Contracts with certain executives as an incentive for them to remain with the Company. The Service Contracts are for a fixed period and may be extended by agreement between the parties. As part of the consideration under these contracts, options to acquire unissued shares in the Company have been granted to each executive. For all of those options the terms and conditions are in all material respects the same as those offered under the Executive Share Option Plan detailed above.

At 24 June 2001, there were 480,000 (2000: 480,000) options outstanding. During the 52 week period no options were granted (2000: Nil).

Service Contracts were also entered into with Senior Executives and certain other Executives. The Service Contracts replace those referred to above and provide for payment of a cash bonus equivalent to the Executives salary at 1 January 1999 or the date of commencement of the Service Contract, provided the Executive remains employed on expiry of the Service Contracts. The Board may elect to offer, in lieu of the cash bonus, to allot shares or grant options in the Company. The total amount of the cash bonus payable on 1 January 2002 is \$6,628,280 and on 1 January 2004 is \$2,606,000 or alternatively on 1 January 2006 is \$4,357,500.

26 Related parties

Directors

The names of each person holding office as a director of Woolworths Limited during the 52 weeks ended 24 June 2001 are Messrs J C Dahlsen, L M L'Huillier, M J Phillips, R C Corbett, J A Strong, W P R Wavish, J C Ballard, Dr R S Deane, Prof A E Clarke and Ms D J Grady. Mr J C Dahlsen retired on 6 April 2001 and Mr M J Phillips retired on 31 August 2001.

Details of directors' remuneration and retirement benefits are disclosed at Note 27 and in the Directors' Statutory Report at pages 32 to 40 of the Concise Report to Shareholders.

Apart from the details disclosed in this note, no director has entered into a material contract with the Company or the consolidated entity since the end of the previous financial period, and there were no material contracts involving directors' interests existing at the end of the period other than the Directors' Retirement Deeds referred to on page 35 of the Directors' Statutory Report.

Directors' holdings of shares and options

The interests of directors and their director-related entities in shares and options of entities within the consolidated entity as at 24 June 2001 are shown below:

	Consolidated	
	As at 24 June 01 Number held	As at 25 June 00 Number held
Woolworths Limited:		
Ordinary shares	458,127	346,423
Options over ordinary shares	3,471,000*	3,519,000

Directors' transactions in shares and options

During the 52 weeks ended 24 June 2001, the aggregate numbers of shares and share options acquired or disposed of by directors of the Company and their director-related entities was as follows:

	Consolidated	
	52 weeks ended 24 June 01	52 weeks ended 25 June 00
Woolworths Limited:		
Acquisitions		
Ordinary shares	111,704	136,977
Options over ordinary shares	–*	3,200,000
Disposals		
Ordinary shares	–	6,163
Options over ordinary shares	–	–

* Excluding 1,000,000 options to R C Corbett referred to on page 39 of the Concise Report.

The terms and conditions and number of options and shares granted under the Executive Share Option Plan, Share Purchase Plan and Senior Executive Service Contracts as set out on pages 34 to 36 and in Note 25 were on the same basis as outlined in the Prospectus dated 19 May 1993, or pursuant to those plans approved by a special resolution of shareholders at the Company's Annual General Meeting held on 26 November 1999. All other transactions relating to shares were either new share issues as a result of the Dividend Reinvestment Plan on the same basis as transactions by other shareholders, or on-market or off-market share purchases pursuant to share buy-backs.

Directors' transactions with the company or its controlled entities

During the period, directors and their director related entities supplied goods or services to the consolidated entity and purchased goods from the consolidated entity. These transactions were immaterial in nature and were entered into on commercial terms and conditions available to other suppliers and customers.

Transactions within the wholly-owned group

The ultimate parent entity is Woolworths Limited, a company incorporated in New South Wales. The wholly-owned group consists of Woolworths Limited and its wholly-owned controlled entities. During the financial period and previous financial periods, Woolworths Limited advanced and repaid loans to and received loans from, and provided treasury, accounting, legal, taxation and administrative services to, other entities within the wholly-owned group. Entities within the wholly-owned group also exchanged goods and services in sale and purchase transactions. All transactions occurred on the basis of normal commercial terms and conditions.

The details of sales, dividends and lease rentals transacted within the wholly-owned group are disclosed at Note 2.

Ownership interests in controlled entities are disclosed at Note 30 and the balances of loans receivable from controlled entities is shown in Note 8.

Consolidated		Woolworths Limited	
52 weeks ended	52 weeks ended	52 weeks ended	52 weeks ended
24 June 01	25 June 00	24 June 01	25 June 00
\$'000	\$'000	\$'000	\$'000

27 Remuneration of directors and executives

Directors' remuneration

Remuneration paid or payable, or otherwise made available, to directors by the Company.

5,020*	2,733	5,020	2,733
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Details of options granted to and exercised by directors during the year are set out in Note 26. It is the Company's belief that options issued are not a cost to the Company.

The number of directors of the Company whose remuneration is disclosed above, falls within the following bands for the 52 weeks ended 24 June 2001 and 52 weeks ended 25 June 2000 are as follows:

\$	2001	2000	\$	2001	2000
0 – 9,999	–	2	230,000 – 239,999	–	1
70,000 – 79,999	1	1	760,000 – 769,999	–	1
80,000 – 89,999	–	3	1,140,000 – 1,149,999	1	–
90,000 – 99,999	2	–	1,250,000 – 1,259,999	–	1
100,000 – 109,999	3	–	1,310,000 – 1,319,999	*1	–
140,000 – 149,999	–	1	1,800,000 – 1,809,999	1	–
160,000 – 169,999	1	–			

Two executives were also directors of Woolworths Limited for which they received no separate remuneration.

* Includes lump sum payment made on retirement of Mr J C Dahlsen.

Non-executive Director Share Plan (NEDSP)

The NEDSP was established following approval by shareholders at the Company's Annual General Meeting on 26 November 1999. This plan allows non-executive directors to forego some of their future pre-tax directors fees to acquire shares in the Company on market at prevailing ASX market prices. The rules of the NEDSP are virtually identical to the Woolworths Executive Management Share Plan as set out in Note 25.

During the 52 week period ended 24 June 2001, 22,341 shares were purchased under the NEDSP.

Executives' remuneration

The amount received and receivable by executive officers of the consolidated entity and the Company in the current period whose remuneration is \$100,000 or more is \$67,536,981 (2000: \$27,898,885). The average amount received by executive officers was \$214,403 (2000: \$240,508).

Executive officers are deemed to be all executive directors of Woolworths Limited and any of its controlled entities, and all salaried employees that are engaged in the strategic management of the business operations of the Woolworths Group, including executive grade operational personnel.

A summary of the numbers of options granted to and exercised by executive officers with remuneration of at least \$100,000 are set out below. The terms and conditions relating to the options are set out in Note 25.

Granted	3,195,000
Exercised	1,795,156
Forfeited	1,509,844
Outstanding	38,638,000

\$	2001	2000	\$	2001	2000
100,000 – 109,999	18	4	400,000 – 409,999	–	3
110,000 – 119,999	25	2	420,000 – 429,999	–	1
120,000 – 129,999	33	5	430,000 – 439,999	1	1
130,000 – 139,999	25	6	450,000 – 459,999	–	1
140,000 – 149,999	31	8	460,000 – 469,999	1	1
150,000 – 159,999	23	14	470,000 – 479,999	–	1
160,000 – 169,999	25	9	480,000 – 489,999	1	–
170,000 – 179,999	20	11	490,000 – 499,999	2	2
180,000 – 189,999	10	12	510,000 – 519,999	3	–
190,000 – 199,999	12	4	540,000 – 549,999	–	1
200,000 – 209,999	10	3	550,000 – 559,999	2	1
210,000 – 219,999	7	4	570,000 – 579,000	1	–
220,000 – 229,999	12	2	590,000 – 599,999	–	1
230,000 – 239,999	7	3	650,000 – 659,999	1	–
240,000 – 249,999	4	2	670,000 – 679,999	–	1
250,000 – 259,999	3	2	680,000 – 689,000	1	–
260,000 – 269,999	2	–	690,000 – 699,999	1	1
270,000 – 279,999	5	1	760,000 – 769,999	–	1
280,000 – 289,999	2	3	800,000 – 809,999	2	1
290,000 – 299,999	2	1	920,000 – 929,999	1	–
300,000 – 309,999	5	–	930,000 – 939,999	1	–
310,000 – 319,999	3	1	950,000 – 959,999	1	–
320,000 – 329,999	2	–	1,020,000 – 1,029,999	1	–
340,000 – 349,999	1	1	1,140,000 – 1,149,999	1	–
350,000 – 359,999	3	–	1,250,000 – 1,259,999	–	1
370,000 – 379,999	1	–	1,400,000 – 1,409,999	1	–
390,000 – 399,999	1	–	1,800,000 – 1,809,999	1	–

28 Financial instruments

Off-balance sheet derivative instruments

Woolworths Limited is party to financial instruments with off-balance sheet risk in order to hedge exposure to fluctuations in interest and foreign exchange rates. The interest rate instruments that may be used include swaps and forward rate agreements. Foreign exchange instruments that may be used include forward contracts, cross currency swaps and options.

Interest rate instruments

Bank loans of the consolidated entity currently bear an average variable interest rate of 5.27% (2000: 6.4%). In addition, although they are not classified as a liability and therefore not appearing as a financial instrument in this note, the Woolworths Income Notes (WINS) pay a distribution that is similar in nature to interest at variable rates. The variable rate payable on the WINS at the end of the period was 7.02% (2000: 8.22%). It is policy to protect part of the loans and the WINS from exposure to increasing interest rates. Accordingly, the consolidated entity has entered into interest rate swap agreements.

Interest rate swap agreements

Under the swap agreements the consolidated entity will receive interest at variable rates and pay interest at fixed rates. The contracts are used to protect against rising interest rates on the variable interest component of the underlying debt. The contracts are settled on a net basis, and the net amount receivable or payable on the contract is adjusted against interest expense in the period in which settlement takes place. The swaps that were executed in respect of the Domestic Medium Term Notes are matched according to coupon payment dates and maturity. All other swap contracts are settled on a quarterly basis to approximately match the dates on which the interest is payable on the Revolving Credit Facility and WINS.

Swap agreements in place at 24 June 2001 cover approximately 30% of the principal outstanding on the Domestic Medium Term Notes and 93% of the face value of the WINS. The total of domestic notes subject to fixed rates, including the effect of the interest rate swaps is \$115.0 million.

At 24 June 2001, the notional principal amounts and periods of expiry of the interest rate swap agreements are as follows:

	As at 24 June 01 \$m	As at 25 June 00 \$m
Less than 1 year	115	75
1 – 2 years	115	95
2 – 3 years	150	85
3 – 4 years	130	–
4 – 5 years	–	–
Greater than 5 years	145	145
	655	400

Foreign currency instruments

The consolidated entity has exposure to movements in foreign currency exchange rates through term borrowings, anticipated sales of inventory and purchases of inventory and equipment, which are denominated in foreign currencies. In order to hedge against part of this exposure, the consolidated entity enters into forward exchange contracts and cross currency swap agreements. The term borrowings are fully hedged.

Forward exchange contracts and foreign currency options

Under these agreements, the consolidated entity has contracted to buy or sell foreign currencies in exchange for Australian dollars at a pre-determined rate to be settled at a future date. The maturity dates of the contracts are timed to match the anticipated timing of major foreign currency receipts and payments that are expected to occur within the ensuing financial period.

At period end, the details of outstanding forward contracts and options are (Australian dollar equivalents):

	24 June 01		25 June 00		24 June 01	25 June 00
	Buy	Sell	Buy	Sell	Average	Average
	\$m	\$m	\$m	\$m	exchange	exchange
					rate	rate
Maturing:						
Within 6 months:						
United States dollars	62.1	–	66.6	–	0.50	0.61
Japanese yen	–	–	–	2.8	–	60.31
Hong Kong dollars	–	–	0.8	–	–	4.76

Where these contracts are used to hedge specific anticipated future transactions, any unrealised gains or losses on the contracts are deferred and will be recognised in the measurement of the underlying transactions when they occur. Amounts receivable and payable on open contracts are included in other debtors and other creditors respectively.

No material gains, losses and costs have been deferred as at 24 June 2001.

Cross currency swap agreements

As part of a \$100 million issue of US dollars denominated Senior Notes during the 53 week period ended 29 June 1997, the consolidated entity entered into two cross currency swap agreements to fully hedge the US dollar value of the notes issued. The effect of the cross currency swaps is to offset all of the foreign currency and US dollar interest rate exposure on both interest and principal payments associated with the notes, which mature on 1 September 2007. Consequently, the maturity and settlement dates under the swaps match the maturity and coupon payments for the term of the notes. The exposure to the consolidated entity is in Australian dollars with 50% of the notes at a fixed rate coupon of 7.104% paid semi-annually, and 50% at a variable rate of the Bank Bill Swap rate plus a margin, paid quarterly. At balance date the effective variable rate was 5.295% (2000: 6.22%).

Credit exposure

The credit risk on financial assets of the consolidated entity which have been recognised on the statement of financial position, other than investments in shares, is generally the carrying amount, net of any provisions for doubtful debts.

The recognised financial assets of the consolidated entity include amounts receivable arising from unrealised gains on derivative financial instruments. For off-balance sheet financial instruments, including derivatives, which are deliverable, credit risk may also arise from the potential failure of the counterparties to meet their obligations under the respective contracts at maturity. As at 24 June 2001, no material credit risk exposure existed in relation to potential counterparty failure on deliverable off-balance sheet financial instruments.

Interest rate exposure

The consolidated entity's exposure to interest rate risk and the effective average interest rate for each class of financial assets and financial liabilities as at 24 June 2001 is set out below. Exposure will arise predominantly from assets and liabilities bearing variable interest rates as the consolidated entity intends to hold fixed rate assets and liabilities to maturity.

2001	Floating interest rate \$m	Fixed interest maturing in:			Non-interest bearing \$m	Total \$m	Average interest rate %
		1 year or less \$m	1 to 5 years \$m	Over 5 years \$m			
Financial assets							
Cash and deposits	67.2	–	–	–	188.8	256.0	4.71
Receivables	–	–	–	–	239.1	239.1	–
Other financial assets	–	–	–	–	18.2	18.2	–
	67.2	–	–	–	446.1	513.3	–
Financial liabilities							
Accounts payable	–	–	–	–	1,666.4	1,666.4	–
Accruals	–	–	–	–	399.0	399.0	–
Revolving bilateral loan facility	340.0	–	–	–	–	340.0	5.27
Short term deposits	1.7	–	–	–	–	1.7	–
Other bank loans:							
Fixed	–	–	–	8.9	–	8.9	6.80
Variable	8.0	–	–	–	–	8.0	5.39
Variable rate domestic notes	80.4	–	–	–	–	80.4	5.59
Fixed rate domestic notes	–	–	–	70.4	–	70.4	7.25
USD notes	–	–	–	134.2	–	134.2	6.20
Interest rate swaps*	(45.0)	–	–	45.0	–	–	6.45
Cross currency swaps:							
Fixed/floating	67.1	–	–	(67.1)	–	–	6.23
	452.2	–	–	191.4	2,065.4	2,709.0	–
Net financial (liabilities)	(385.0)	–	–	(191.4)	(1,619.3)	(2,195.7)	–

* Notional principal amounts

2000	Fixed interest maturing in:					Non-interest bearing \$m	Total \$m	Average interest rate %
	Floating interest rate \$m	1 year or less \$m	1 to 5 years \$m	Over 5 years \$m				
Financial assets								
Cash and deposits	125.1	10.5	–	–	214.4	350.0	5.83	
Receivables	–	–	–	–	211.4	211.4	–	
Other financial assets	–	–	–	–	1.4	1.4	–	
	125.1	10.5	–	–	427.2	562.8	–	
Financial liabilities								
Accounts payable	–	–	–	–	1,571.8	1,571.8	–	
Accruals	–	–	–	–	334.3	334.3	–	
Revolving bilateral loan facility	–	–	–	–	–	–	–	
Short term money market loans	–	125.0	–	–	–	125.0	6.16	
Short term deposits	4.9	–	–	–	–	4.9	–	
Other bank loans:								
Fixed	–	–	–	9.1	–	9.1	6.80	
Variable	8.0	–	–	–	–	8.0	6.40	
Variable rate domestic notes	80.5	–	–	–	–	80.5	6.86	
Fixed rate domestic notes	–	–	–	70.5	–	70.5	7.25	
USD notes	–	–	–	134.2	–	134.2	6.76	
Interest rate swaps*	(45.0)	–	–	45.0	–	–	6.45	
Cross currency swaps:								
Fixed/floating	67.1	–	–	(67.1)	–	–	6.23	
	115.5	125.0	–	191.7	1,906.1	2,338.3	–	
Net financial assets/(liabilities)	9.6	(114.5)	–	(191.1)	(1,478.9)	(1,775.5)	–	

* Notional principal amounts

Net fair value of financial assets and liabilities

On-balance sheet

The carrying value of cash and cash equivalents and non-interest bearing monetary financial assets and liabilities of the consolidated entity approximates their net fair value and as such they have been omitted from these disclosures.

The net fair value of other monetary financial assets and liabilities is based upon market prices where a market exists or the expected future cash flows, discounted where appropriate by current interest rates for assets and liabilities with similar risk profiles.

Off-balance sheet

The net fair value of financial assets or liabilities arising from interest rate swap and forward rate agreements, and forward foreign currency contracts and swap agreements has been determined as the carrying value which represents the amount currently receivable or payable at period end.

For forward rate agreements, and interest rate and cross currency swaps, the net fair value has been determined by the net present value of cash flows due under the contracts, using a discount rate appropriate to the type and maturity of the contract.

For forward currency contracts, the net fair value is taken to be the unrealised gain or loss at period end calculated by reference to the current forward rates for contracts with similar maturity profiles.

	As at 24 June 01		As at 25 June 00	
	Carrying amount \$m	Net fair value \$m	Carrying amount \$m	Net fair value \$m
On-balance sheet financial instruments				
<i>Financial liabilities</i>				
Bank loans	356.9	357.8	17.1	17.1
Other loans	286.7	300.1	410.1	432.0
	643.6	657.9	427.2	449.1
Off-balance sheet financial instruments				
<i>Financial assets</i>				
Forward exchange contracts	–	(1.1)	–	1.0
Interest rate swaps	–	–	0.2	(3.8)
	–	(1.1)	0.2	(2.8)
<i>Financial liabilities</i>				
Interest rate swaps	0.8	(11.1)	–	–
Forward exchange contracts	–	–	–	–
Cross currency swaps	1.7	6.6	1.8	(10.5)
	2.5	(4.5)	1.8	(10.5)

None of the classes of financial assets are readily traded on organised markets in standardised form.

29 Deed of cross guarantee

Pursuant to ASIC Class Order 98/1418, the wholly-owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports.

It is a condition of the class order that the Company and each of the subsidiaries enter into a deed of cross guarantee (Deed). Under the Deed the Company guarantees the payment of all debts of each of the subsidiaries in full, in the event of a winding up. The subsidiaries in turn guarantee the payment of the debts of the Company in full in the event that it is wound up.

The subsidiaries that are party to the Deed are:

Woolworths Properties Pty Limited
Woolworths (Victoria) Pty Limited
Woolworths (W.A.) Pty Limited
Woolworths Managers Superannuation Scheme Pty Limited
Woolworths (Publishing) Pty Limited
Universal Wholesalers Pty Limited
Australian Independent Retailers Pty Limited
SPAR Australia Pty Limited
Barmos Pty Limited
Nalos Pty Limited
Josona Pty Limited
Woolstar Pty Limited
QFD Pty Limited
Queensland Property Investments Pty Limited
Philip Leong Stores Pty Limited
Woolies Liquor Stores Pty Limited
Calvartan Pty Limited
Australian Safeway Stores Pty Limited
Dick Smith Electronics Staff Superannuation Fund Pty Limited
Weetah Pty Limited
Woolworths (Q'land) Pty Limited
Woolworths (South Australia) Pty Limited
Australian Liquor & Grocery Wholesalers Pty Limited
Woolworths Staff Superannuation Scheme Pty Limited
Charmtex Pty Limited
Grocery Wholesalers Pty Limited
DSE Holdings Pty Limited
Woolworths Custodian Pty Limited
Fabcot Pty Limited
Barjok Pty Limited
Australian Independent Wholesalers Pty Limited
Woolworths (R&D) Pty Limited
Dentra Pty Limited
Jack Butler & Staff Pty Limited
Woolworths Group Superannuation Scheme Pty Limited
Woolworths Executive Superannuation Scheme Pty Limited
Mac's Liquor Stores Pty Limited
Dick Smith Electronics Pty Limited
Dick Smith (Wholesale) Pty Limited
Dick Smith Management Pty Limited
Dick Smith Electronics Franchising Pty Limited

Notes to the financial statements ▶ 29 Deed of cross guarantee (continued)

A consolidated statement of financial performance and consolidated statement of financial position for the closed group representing the Company and the subsidiaries noted on page 45, which are party to the Deed as at 24 June 2001 is set out below:

	2001 \$m	2000 \$m
Statement of financial performance		
Revenue from sale of goods	20,794.3	20,117.2
Other operating revenue	465.5	261.9
Total revenue from operations	21,259.8	20,379.1
Cost of sales	(15,990.8)	(15,357.6)
Gross Profit	5,269.0	5,021.5
Other revenue from ordinary activities	260.1	165.4
Share of loss in associated company accounted for using the equity method	(1.5)	–
Other expenses from ordinary activities		
Branch expenses	(3,606.4)	(3,395.1)
Administration expenses	(1,224.1)	(1,261.7)
Earnings before interest and tax	697.1	530.1
Interest expense	(22.7)	(41.3)
Interest income	10.1	8.4
Profit from ordinary activities before income tax expense	684.5	497.2
Income tax expense	(230.0)	(174.7)
Net profit from ordinary activities after income tax expense	454.5	322.5
Decrease in asset revaluation reserve	–	(15.1)
Total revenue, expense and valuation adjustments attributable to members of Woolworths Limited recognised directly in equity	–	(15.1)
Total changes in equity other than those resulting from transactions with owners as owners	454.5	307.4
Reconciliation of retained profits		
Retained profit at beginning of period	358.8	551.6
Net profit from ordinary activities after income tax expense	454.5	322.5
Woolworths income notes distribution	(47.7)	(26.1)
Dividends paid or provided	(284.1)	(243.5)
Special dividend of \$5.82 (2000: \$2.47) per fully paid ordinary share paid to shareholders participating in off market buy-backs	(232.9)	(247.0)
Adjustment due to initial adoption of new accounting standard	–	1.3
Retained profits at end of period	248.6	358.8

	2001 \$m	2000 \$m
Statement of financial position		
Current assets		
Cash	240.6	337.0
Receivables	181.2	156.5
Inventories	1,652.7	1,615.0
Property, plant and equipment	126.8	98.0
Other	72.8	84.5
Total current assets	2,274.1	2,291.0
Non-current assets		
Receivables	44.2	47.3
Investments accounted for using the equity method	16.8	–
Other financial assets	194.4	17.3
Property, plant and equipment	2,050.6	2,073.3
Intangibles	208.3	145.0
Deferred tax asset	180.7	180.9
Other	0.5	–
Total non-current assets	2,695.5	2,463.8
Total assets	4,969.6	4,754.8
Current liabilities		
Accounts payable	1,623.5	1,548.7
Accruals	375.7	330.2
Interest bearing liabilities	331.8	126.1
Current tax liabilities	139.6	19.1
Provisions	418.4	538.5
Total current liabilities	2,889.0	2,562.6
Non-current liabilities		
Interest bearing liabilities	293.5	285.3
Deferred tax liabilities	112.5	84.8
Provisions	183.3	202.7
Total non-current liabilities	589.3	572.8
Total liabilities	3,478.3	3,135.4
Net assets	1,491.3	1,619.4
Equity		
Contributed equity	476.2	494.0
Reserves	183.5	183.6
Retained profits	248.6	358.8
Equity attributable to the members of Woolworths Limited	908.3	1,036.4
Woolworths Income Notes	583.0	583.0
Total equity	1,491.3	1,619.4

Notes to the financial statements

Name	Legend	Place of incorporation	Woolworths Limited Investment		Beneficial holding	
			2001 \$m	2000 \$m	2001 %	2000 %
Woolworths Limited		NSW				
Controlled entities of Woolworths Limited:						
Woolworths Properties Pty Limited	a	NSW	23.5	23.5	100	100
Woolworths (Q'land) Pty Limited	a	NSW	10.0	10.0	100	100
Woolworths (Victoria) Pty Limited	a	VIC	4.0	4.0	100	100
Woolworths (South Australia) Pty Limited	a	SA	4.0	4.0	100	100
Woolworths (W.A.) Pty Limited	a	WA	2.5	2.5	100	100
Australian Liquor & Grocery Wholesalers Pty Ltd	a	NT	0.2	0.2	100	100
Woolworths Managers Superannuation Scheme Pty Limited	a,d	NSW	–	–	100	100
Woolworths Staff Superannuation Scheme Pty Limited	a,d	NSW	–	–	100	100
Woolworths (Publishing) Pty Ltd	a,d	QLD	–	–	100	100
Charmtex Pty Limited	a	NSW	0.5	0.5	100	100
Universal Wholesalers Pty Limited	a	NSW	0.1	0.1	100	100
Grocery Wholesalers Pty Ltd	a	NSW	0.2	0.2	100	100
Australian Independent Retailers Pty Ltd	a	VIC	0.1	0.1	100	100
DSE Holdings Pty Limited	a	NSW	20.6	20.6	100	100
SPAR Australia Pty Limited	a,d	NSW	–	–	100	100
Woolworths Custodian Pty Ltd	a,d	NSW	–	–	100	100
Barmos Pty Ltd	a,d	NSW	–	–	100	100
Fabcot Pty Limited	a,d	NSW	–	–	100	100
Nalos Pty Limited	a,d	NSW	–	–	100	100
Barjok Pty Ltd	a,d	NSW	–	–	100	100
Josona Pty Ltd	a,d	NSW	–	–	100	100
Woolstar Investments Ltd	c,d	NZ	–	–	100	100
Woolworths Insurance Pte Ltd	c	Singapore	1.2	1.2	100	100
DSE Merge Corporation	c	USA	–	–	100	100
DSE Investments Inc.	c	USA	3.8	3.8	100	100
Australian Independent Wholesalers Pty Ltd	a,d	NSW	–	–	100	100
Woolstar Pty Limited	a	ACT	0.6	0.6	100	100
Woolworths (R&D) Pty Limited	a,d	NSW	–	–	100	100
Advantage Supermarkets WA Pty Ltd	b	WA	3.4	–	100	–
Advantage Supermarkets Unit Trust	b	WA	2.1	–	100	–
Leasehold Investment Pty Ltd	b	WA	2.0	–	100	–
Andmist Pty Ltd	b,d	NSW	–	–	100	–
Woolworths (Project Finance) Pty Ltd	b,d	NSW	–	–	100	–

Name	Legend	Place of incorporation	Woolworths Limited Investment		Beneficial holding		
			2001 \$m	2000 \$m	2001 %	2000 %	
Controlled entities of Woolworths Properties Pty Limited:							
QFD Pty Limited	a,d	ACT	–	–	100	100	
Dentra Pty Limited	a,d	ACT	–	–	100	100	
Controlled entities of Woolworths (Q'land) Pty Limited:							
Queensland Property Investments Pty Ltd	a,d	QLD	–	–	100	100	
Philip Leong Stores Pty Limited	a,d	QLD	–	–	100	100	
Controlled entity of Woolworths (South Australia) Pty Limited:							
Woolies Liquor Stores Pty Ltd	a,d	SA	–	–	100	100	
Controlled entities of Woolworths (Victoria) Pty Limited:							
Statewide Independent Wholesalers Limited							
	b,d	TAS	–	–	60	60	
Calvartan Pty Limited	a,d	ACT	–	–	100	100	
Controlled entities of Calvartan Pty Limited:							
Australian Safeway Stores Pty Ltd	a,d	VIC	–	–	100	100	
Jack Butler & Staff Pty Ltd	a,d	QLD	–	–	100	100	
Controlled entities of Jack Butler and Staff Pty Ltd:							
Woolworths Group Superannuation Scheme Pty Ltd							
	a,d	QLD	–	–	100	100	
Woolworths Executive Superannuation Scheme Pty Limited							
	a,d	QLD	–	–	100	100	
Controlled entity of Australian Safeway Stores Pty Ltd:							
Mac's Liquor Stores Pty Limited	a,d	QLD	–	–	100	100	
Controlled entities of DSE Holdings Pty Limited:							
Dick Smith Electronics Pty Limited	a,d	NSW	–	–	100	100	
Dick Smith (Wholesale) Pty Ltd	a,d	NSW	–	–	100	100	
Dick Smith Management Pty Ltd	a,d	NSW	–	–	100	100	
Dick Smith Electronics Franchising Pty Ltd							
	a,d	NSW	–	–	100	100	
Dick Smith Electronics (HK) Ltd	c,d	Hong Kong	–	–	100	100	
DSE (New Zealand) Limited	b,d	NZ	–	–	100	100	
Dick Smith Electronics Ltd	c,d	UK	–	–	100	100	
Dick Smith Electronics Staff Superannuation Fund Pty Limited							
	a,d	NSW	–	–	100	100	
InterTAN Australia Ltd	b,d	NSW	–	–	100	–	

Name	Legend	Place of incorporation	Woolworths Limited Investment		Beneficial holding	
			2001 \$m	2000 \$m	2001 %	2000 %
Controlled entities of DSE (New Zealand) Limited:						
Como Imports (New Zealand) Ltd	b,d	NZ	–	–	100	100
David Reid Electronics (1992) Limited	b,d	NZ	–	–	100	100
Controlled entity of Dentra Pty Limited:						
Weetah Pty Limited	a,d	NT	–	–	100	100
			78.8	71.3		

- a These controlled entities have been granted relief from the Corporations Law requirements for preparation, audit and lodgement of financial statements, pursuant to ASIC Class Order 98/1418. Full details of this relief are set out in Note 29.
- b Controlled entities audited by Deloitte Touche Tohmatsu but not covered by ASIC Class Order 98/1418.
- c Controlled entities audited by another firm of auditors.
- d As a result of rounding, the investment by the Company in these controlled entities is not displayed.

31 Business acquisitions

Name of business acquired	Principal activity	Date of acquisition	Proportion of shares acquired %	Cost of acquisition \$m
Controlled entities				
Advantage Supermarkets WA Pty Ltd	Supermarkets	12 July 2000	100	21.2
Advantage Supermarkets Unit Trust				
Leasehold Investments Pty Ltd				
Andmist Pty Ltd	Liquor retail	21 March 2001	100	26.6
InterTAN Australia Ltd	Electronics retail	30 April 2001	100	112.6
Total controlled entities				160.4
Businesses				
Liberty Liquor	Liquor retail	12 June 2001	–	45.1
Booze Bros	Liquor retail	26 June 2000	–	11.8
Toohey Bros	Liquor retail	1 July 2000	–	7.7
Miscellaneous businesses	Supermarkets and liquor retail	Various	–	32.0
Total businesses				96.6
Total acquisitions				257.0

Directors' declaration

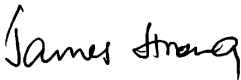
The Directors declare that the financial statements and notes set out on pages 1 to 50:

- a comply with Accounting Standards and the Corporations Regulations and other mandatory professional reporting requirements; and
- b give a true and fair view of the Company's and consolidated entity's financial position as at 24 June 2001 and of their performance, as represented by the results of their operations and their cash flows, for the financial period ended on that date.

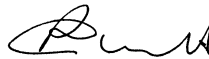
In the Directors' opinion:

- a the financial statements and notes are in accordance with the Corporations Act 2001; and
- b there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- c at the date of this Declaration, there are reasonable grounds to believe that the Company and the subsidiaries identified in Note 29 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee described in Note 29.

This Declaration is made on the 14th day of September 2001 in accordance with a resolution of the Directors.



J A Strong
Chairman



R C Corbett
Group Managing Director

Independent audit report

**Deloitte
Touche
Tohmatsu**

To the members of Woolworths Limited

Scope

We have audited the financial report of Woolworths Limited for the financial year ended 24 June 2001 as set out on pages 1 to 51. The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year. The company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards issued in Australia and other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit opinion

In our opinion, the financial report of Woolworths Limited is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 24 June 2001 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements.

Deloitte Touche Tohmatsu
Chartered Accountants

Sydney, 14 September 2001

G Couttas
Partner

The liability of Deloitte Touche Tohmatsu is limited by, and to the extent of, the Accountants' Scheme under the Professional Standards Act 1994 (NSW).

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