

**Solution:**

Both retained earnings and income are consolidated into a single statement, and the consolidated balance sheet will be presented on the next page.

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**STATEMENT OF INCOME CUM RETAINED EARNINGS**  
**(Amount in millions of \$)**

Name: P&G Co.

As Of: 30 June, 2011

<b>Particulars</b>	<b>Amount</b>
<b>INCOME STATEMENT:</b>	
Net Sales	82,559
Cost of Goods Sold	(40,768)
<b>Gross Profit</b>	<b>41,791</b>
<b>Operating Expenses:</b>	
Selling, administrative & general expenses	25,973
Interest expenses	831
Total operating expenses	26,804
<b>Net Operating Income</b>	<b>14,987</b>
Less: Other non-operating income (expenses)	202
<b>Income Before Tax</b>	<b>15,189</b>
Less: Income Tax Paid	(3,392)
<b>Net Income</b>	<b>11,797</b>
<b>RETAINED EARNINGS:</b>	
Retained Earnings as of June 30, 2010	64,614
Add: Net Income	11,797
Less: Dividends Paid to Shareholders	(5,729)
<b>Retained Earnings as of June 30, 2011</b>	<b>70,682</b>

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**CLASSIFIED & CONSOLIDATED BALANCE SHEET**  
(Amount in millions of \$)

Name: P&G

As Of: June 30, 2011

Particulars	Amount
<b>ASSETS:</b>	
<b>Current assets:</b>	
Cash & Cash Equivalents	2,768
Accounts Receivables	6,275
Inventories	7,379
Prepaid Expenses & other current assets	4,408
<b>Total current assets</b>	<b>20,830</b>
<b>Non-current assets:</b>	
Property, plants & equipment	41,507
Less: Accumulated depreciation	(20,214)
Trademarks & Other Tangibles	32,620
Goodwill	57,562
Deferred Income Tax	1,140
Other non-current assets	4,909
<b>Total non-current assets</b>	<b>117,524</b>
<b>Total assets</b>	<b>138,354</b>
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY:</b>	
<b>Current liabilities:</b>	
Accounts Payable	8,022
Debts, due within a year	9,981
Accrued and other current liabilities	9,290
<b>Total current liabilities</b>	<b>27,293</b>
<b>Non-current liabilities:</b>	
Debts, due more than a year	22,033
Deferred Income Taxes	11,070
Other non-current obligations	9,957
<b>Total non-current liabilities</b>	<b>43,060</b>

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<b>Stockholders' Equity:</b>	
Preferred Stock	1,234
Common stock, \$1 per stock	4,008
Additional Paid in Capital	62,405
Non-controlling Interest	361
Retained Earnings	70,682
Less: Treasury Stock	(67,278)
Less: Reserves for ESOP debt retirement	(1,357)
Accumulated other comprehensive income (loss)	(2,054)
<b>Total stockholders' equity</b>	<b>68,001</b>
<b>Total liabilities &amp; stockholders' equity</b>	<b>138,354</b>