

Solution:

(1)

The analysis of the transactions in July, using the balance sheet equation format are as follows:

Date of Transaction	Effect on Balance Sheet Equation		
	Assets =	Liabilities +	Stockholders' Equity
(a)	-CHF500 (Inventory)		-CHF500 (Cost of Goods Sold)
	+CHF350 (Cash)		+CHF750 (Sales)
	+CHF400 (Accounts Receivable)		
(b)	+CHF620 (Cash)		
	-CHF620 (Accounts Receivable)		
©	-CHF30 (PPE)		-CHF30 (Depreciation Expense)
(d)	-CHF240 (Cash)		-CHF240 (Selling & administrative Expenses)
(e)	-CHF50 (Other assets)		-CHF50 (Selling & administrative Expenses)

(2)

STATEMENT OF INCOME (in millions of CHF)

Name: Nestle, S.A.

As Of: July 2011

Particulars	Amounts
Sales	750
Cost of Goods Sold	(500)
Net Operating Income (Loss)	250
Other revenues (expenses):	
Depreciation	(30)
Selling, administrative & general expenses	(290)
Total other revenues (expenses)	(320)
Net Income (Loss)	(70)

(3)

The balance sheet is as follows:

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

Name: H.J. Heinz Co.

As Of: May 31, 2011

Particulars	Amount
ASSETS:	
Cash	3,563
Accounts Receivables	11,726
Inventory	8,385
Property, Plants & Equipment	20,084
Other assets	56,862
Total assets	100,620
LIABILITIES:	
Accounts Payable	11,137
Other liabilities	37,081
Total liabilities	48,218
STOCKHOLDERS' EQUITY:	
Paid in Capital	52,472
Retained Earnings:	
As of June 1, 2010	0
Add: Net Income	(70)
Retained Earnings as of June 30, 2010	(70)
Total Stockholders' equity	52,402
Total liabilities & stockholders' equity	100,620