

Solution:

Since P&G paid only \$3,263 million in taxes, and they recorded \$3,392 million in expenses, it means that the expenses on balance sheet are \$129 million more than the taxes levied, creating a deferred tax liability for P&G.

The journal entries for the same are recorded as follows:

JOURNAL ENTRIES FOR P&G (Amounts are in millions of \$)		
Particulars	Debit	Credit
Income Taxes	3,392	
To Cash		3,263
To Deferred Tax Liability		129
(Being recording of the taxes paid by P&G in 2011)		