**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  To Cash  To Deferred Tax Liability  (Being recording of the taxes paid by P&G in 2011) | 3,392 | 3,263  129 |