

## Case 11-5

### Venus Cellular

Venus Cellular Limited (“Venus”) is the leading, worldwide provider of a wide variety of telecommunications equipment and services. Its telecommunications equipment and services enable its customers to send or receive virtually any type of voice or data transmission. Its customers include fixed line and wireless telecommunication operators, Internet service providers, governments, and businesses. Venus prepares its financial statements in accordance with International Financial Reporting Standards (IFRSs).

#### Consolidated Statement of Comprehensive Income

	<b>20X1</b>	<b>20X0</b>
	(US\$ millions except per share data)	
Revenues	16,419	15,305
Cost of sales	(10,629)	(9,539)
Gross profit	5,790	5,766
Administrative and selling expenses	(2,500)	(2,430)
Research and development costs	<u>(1,804)</u>	<u>(1,863)</u>
Operating income — current	1,486	1,473
Share-based payments (stock option plans)	(86)	(75)
Restructuring costs	(138)	(405)
Impairment of capitalized development	-	(130)
Gain on one time contractual settlement	<u>161</u>	<u>-</u>
Operating income	1,423	863
Interest expense	(273)	(283)
Interest income	<u>153</u>	<u>131</u>
Finance costs	(120)	(152)
Income from sale of assets	1,858	244
Income before tax and associates	3,161	955
Income tax expense	(114)	(45)
Share in net income (losses) of associates	<u>(18)</u>	<u>(76)</u>
<b>Profit or loss</b>	<b>3,029</b>	<b>834</b>
Dividends	<u>(265)</u>	<u>(247)</u>
<b>Retained profit or loss</b>	<b>2,764</b>	<b>587</b>
Other comprehensive income:		
Cash flow hedges	17	20
Available for sale financial assets	(50)	25
Share of other comprehensive income of associates	<u>13</u>	<u>5</u>
<b>Total comprehensive income for the year</b>	<b>2,744</b>	<b>637</b>

**Profit or loss for the year attributable to:**

Owners of the parent	1,951	537
Noncontrolling interests	1,078	297
<i>Basic earnings per share (in US\$)</i>	3.76	1.49
<i>Diluted earnings per share (in US\$)</i>	3.76	1.49

**Required:**

- Question 1 — Identify whether the analysis of expenses in profit or loss is presented by nature or function.
- Question 2 — Identify the alternative performance (operating) measures presented in the statement of comprehensive income and document your conclusions with regard to the appropriateness of the various performance measures.
- Question 3 — Discuss any additional issues you have identified or other observations.