

LKAS 33 : EPS

Chartered Accountancy Strategic Level Advanced Business Reporting (ABR)

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Dec - 2017 Q1 C

	<u>2017</u>	<u>2016</u>
EARNINGS	920mn	800mn
NO. OF SHARES	2mn	2mn
EPS	Rs. 460/-	Rs. 400/-

Bonus issues are share issues without a corresponding change in resources available to the entity. As a result Bonus issues are considered as it took place at the beginning of the earliest period presented.

Therefore whenever there's a bonus issue, it is adjusted to the number of shares from beginning of time

December 2016 Q1



$$\text{BASIC EPS} = \frac{25,032}{10,000 \text{ SHARES}} = \underline{\underline{\text{Rs. } 2.5}}$$

DILUTED EPS = EFFECT ON EARNINGS ON CONVERSION OF DEBENTURES.

$$184,537 \times 8\% = 14,763$$

$$\text{AFTER TAX EFFECT} = 14,763 \times (1 - 24\%)$$

$$= \underline{\underline{11,220}}$$

= EFFECT ON NUMBER OF SHARES

$$2,000 \times 10 = 20,000$$

$$\text{CHECK IF THE EFFECT OF CONVERSION IS DILUTIVE} = \frac{11,220}{20,000 \text{ SHARES}} = \text{Rs. } 0.56$$



SINCE CURRENT EPS IS 2.5

THE EFFECT IS DILUTIVE

$$\text{DILUTED EPS} = \frac{(25,032 + 11,220)}{(10,000 + 20,000)} = \underline{\underline{\text{Rs. } 1.21}}$$