

IFRS AT A GLANCE  
IAS 33 *Earnings per Share*





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Effective Date  
Periods beginning on or after 1 January 2005

## APPLICABLE TO

- Entities whose ordinary shares or potential ordinary shares are publicly traded
- Entities in the process of listing ordinary shares or potential ordinary shares in public markets.

## TYPES OF EARNINGS PER SHARE (EPS)

### BASIC EPS

(To be disclosed on face of statement of comprehensive income)

### DILUTED EPS (DEPS)

(To be disclosed on face of statement of comprehensive income)

### OTHER

(To be disclosed in notes to the financial statements)

## EARNINGS / WEIGHTED AVERAGE NUMBER OF SHARES

#### Basic earnings

Profit or loss from continuing operations adjusted for:

- Non-controlling interest's share of profit
- Dividends on preference shares (after tax), differences arising in settlement of preference shares, and other similar effects where preference shares are classified as equity.

#### Diluted earnings

Basic earnings adjusted for after-tax effect of:

- Changes in Statement of Comprehensive Income that will result from conversion of all dilutive potential ordinary shares (e.g. interest on loan no longer charged once converted to equity).

- Same number of shares, different numerator (earnings number)
- Disclose in notes to annual financial statements - not on face of statement of comprehensive Income
- Examples:
  - Headline earnings per share
  - Net assets value per share
  - Core earnings per share.

#### Basic - Weighted average number of shares

- Time weighted average number of shares issued from date consideration receivable
- For additional shares where no consideration received - time weighted average number of shares from beginning of year / date of issue of shares with consideration (e.g. bonus issue)
- Restate comparatives.

#### Diluted - Weighted average number of shares

- Starting point is the weighted average number of shares in Basic EPS
- If any consideration will be received on conversion the dilutive impact is based only on the number of shares issued for no consideration
- Adjust for number of shares that would be issued on conversion
- Adjust presuming conversion at beginning of year / date of issue of potential ordinary shares
- Diluted EPS presented for only those instruments which result in a reduction of EPS - i.e. instruments which prove to be anti-dilutive are excluded.

## CONSIDERATIONS TO NOTE

- Where an entity presents discontinued operations, Basic EPS and diluted EPS are required to be presented for continuing and discontinuing operations. Continuing operations amount is presented on face of statement of comprehensive income
- Complex areas:
  - Contingently issuable shares
  - Share-based payment transactions
  - Contracts settled in shares / in cash
  - Written put options
  - Options, warrants and their equivalents
  - Potential ordinary shares of subsidiaries.

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