

Exposure Draft

Limited revisions to Accounting Standard 20: *Earnings per Share*

The following is the Exposure Draft of the limited revisions to Accounting Standard (AS) 20, Earnings Per Share. The limited revisions are proposed primarily to address the conceptual lacuna in arriving at earnings for computing EPS. Section 78 of the Companies Act, 1956 allows various adjustments in the securities premium account, which are inconsistent with the Accounting Standards. For example, adjustments of preliminary expenses against securities premium is not in accordance with AS 26, Intangible Assets. Also, adjustments are made against securities premium and other reserves under various Court Schemes which are in deviation from the Accounting Standards. The proposed amendment will ensure that earnings are computed in accordance with Accounting Standards for EPS purposes.

The Board invites comments on any aspect of this Exposure Draft. Comments are most helpful if they contain a clear rationale and, where applicable, provide a suggestion for alternative wording.

Comments should be submitted in writing to the Secretary, Accounting Standards Board, The Institute of Chartered Accountants of India, ICAI Bhawan, Post Box No. 7100, Indraprastha Marg, New Delhi – 110 002, so as to be received not later than – May 10, 2013. Comments can also be sent by e-mail at edcommentsasb@icai.org or asb@icai.org or asb@icai.in.

Paragraph 11 is amended. New text is underlined.

11. For the purpose of calculating basic earnings per share, the net profit or loss for the period attributable to equity shareholders should be the net profit or loss for the period after
- (i) deducting preference dividends and any attributable tax thereto for the period;
and
 - (ii) adjusting the amount in respect of an item of income or expense which is debited or credited to share premium account/reserves, that is otherwise required to be recognised in the statement of profit and loss in accordance with Accounting Standards.