AS 20 Earnings Per Share

Applicability	from Acing period 1/4/2001 ; Mandatory in nature.
objective	Determination & presentation of EPS To improve comparison of performance. Focus of this statement is on denominator of EPS calculation,
Scope	Applicable to entp whose Equity shares (or) potential Equity shares are listed in a recognised stock exchange in India. Even if not listed, but entp which is reporting EPS should follow this standard.
Potential Equity Share's	PES is a financial instrument (or) other contract that entitles, or may entitle, it's holder to Equity shares. i.e., PES are ~~Convertible Equit~~ Converted in Equity shares in Future Eg: ESOPS, convertible pref shares, conv. Debentures etc,

EPS

Basic EPS — Shows present performance

$$\text{Basic EPS} = \frac{\text{Profit available to ESH (PAES)}}{\text{Weighted Avg. No. of ES (WANES)}}$$

Profit = PAT
(-) Pref Dividend
(-) DDT
Profit available to ESH

WANES = shares x ~~No of days~~ weights ~~O/S~~

- Period weights → Period should be consid. from Effective date not from Issue date
- Paid-up value → $\frac{\text{Paid-up}}{\text{Face value}}$

Diluted EPS — Shows EPS of near future assuming potential Equity share's

Dilution is a Reduction in EPS (or) increase in loss per share resulting from the assumption that convertible instruments (→ potential Equity shares) are converted.

$$\text{DEPS} = \frac{\text{Diluted Earnings}}{\text{Revised WANES}}$$

$$\text{DEPS} = \frac{\text{Basic Earning's (PAES in BEPS)} + \text{saving in Int./Div/tax etc. (Net of Tax)}}{\text{Basic WANES} + \text{prospective WANES}}$$

* If comp. Results in Anti-Dilution i.e, EPS ↑, then don't report it.

Basic EPS - Dilutive EPS = +/-

Share's Issued		Effective date for Period weights
For cash		Date on which cash is R'BLE
For services		" " " Rendered.
Purchase of Asset		" " Asset purchase
Conversion of Debt		Date of conversion
Amalgamation in the Nature of	Purchase	" " Amalgamation
	Merger	1st Day of Current Reporting period
Bonus Issue		" PREVIOUS " "
Rights Issue		Issue date.

Treatment of dif types of shares for calculation of EPS

	Fully paid	Calls in Arrears		Partly - paid
PAID-UP VALUE	Include from date of Issue for BEPS	Entitled for Dividend	Not entitled for DIV.	Include to the extend of paidup value for BEPS
		Include for BEPS	Include for DEPS	
Bonus Issue	compute current reporting period EPS including Bonus Issue compute Revised EPS of PY including Bonus Issue And compare BEPS & Revised BEPS of PY.			
Rights Issue	we are computing Bonus Element in Rights issue (Adj factor)			

$$\boxed{\text{Bonus Elements}} = \frac{\text{Fair value prior to Rights Issue}}{\text{Theoritical Ex-Right Price (TERP)}}$$

Used in computation of WANES.

$$\text{TERP} = \frac{\left(\begin{array}{c}\text{No. of shares} \\ \text{Prior to Right's}\end{array} \times \begin{array}{c}\text{fair value} \\ \text{per share}\end{array}\right)_{\text{(market cap before Rights)}} + \left(\begin{array}{c}\text{No. of Right} \\ \text{share}\end{array} \times \begin{array}{c}\text{Issue} \\ \text{price}\end{array}\right)_{\text{(proceeds from Rights issue)}}}{\underbrace{\text{No. of shares Prior to Rights} + \text{No. of Right shares}}_{\text{(Total no. of shares after Rights issue)}}}$$

Use of Bonus Element in computation of WANE'S.

$$\text{CY WANES} = \left[\text{Opening No. of shares} \times BE \times \frac{\text{Period (months) upto right's}}{12 \text{ (months)}}\right] + \left[\text{No. of shares after Right's} \times \frac{\text{Period (Right to FY end)}}{12 \text{ month's}}\right]$$

$$\text{Restated PY WANE'S} = \left[\text{No. of share's (PY)} \times BE \times 12/12\right]$$

Misc. points :

(1) DEPS in case of convertible pref shares = $\dfrac{\text{Basic Earnings + Pref Dividend + DDT}}{\text{Basic WANES + Prosp. WANES}}$

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(2) Options (ESOPS) → entitled to subscribe @ pre-determined Rate
→ These are not Dilutive because ↑ shares with ↑ share's

But, there will be Bonus shares in Option.

$$\boxed{\text{Bonus in Option} = \text{No. of options} \times \frac{\text{Concession price per share}}{\text{Fair value per share}}}$$

Disclosure :

1. The amount's used as the Numerator in calculating BEPS, DEPS and a renconciliation of those amounts to the Net P/L for the period.
2. The WANES used as the Denominator in calculating BEPS - - - " .
3. The Nominal value of shares along with EPS figures.

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