(Withdrawn vide Special (347th) meeting of the Council held on October 14, 2015)

GN(A) 26 (Issued 2008)

Guidance Note on Applicability of Accounting Standard (AS) 20, Earnings Per Share[1]

(The following is the text of the 'Guidance Note on the Applicability of Accounting Standard (AS) 20, Earnings Per Share', issued by the Council of the Institute of Chartered Accountants of India. Pursuant to the issuance of this Guidance Note, Accounting Standards Interpretation (ASI) 12 – 'Applicability of AS 20 (Re. AS 20)', stands withdrawn.)

Introduction

1. This Guidance Note deals with the issue whether companies which are required to give information under Part IV of Schedule VI to the Companies Act, 1956, should calculate and disclose earnings per share in accordance with Accounting Standard (AS) 20, *Earnings Per Share*.

2. AS 20 came into effect in respect of accounting periods commencing on or after 1-4-2001 and is mandatory in nature, from that date, in respect of enterprises whose equity shares or potential equity shares are listed on a recognised stock exchange in India. AS 20 does not mandate an enterprise, which has neither equity shares nor potential equity shares which are so listed, to calculate and disclose earnings per share, but, if that enterprise discloses earnings per share for complying with the requirements of any

[1] This Guidance Note was earlier issued as Accounting Standards Interpretation (ASI) 12, 'Applicability of AS 20 (Re. AS 20)' by the Institute of Chartered Accountants of India (ICAI). While the Accounting Standards notified by the Central Government under the Companies (Accounting Standards) Rules, 2006, have incorporated the 'Consensus' part of various ASIs issued by the ICAI, ASI 12 has not been so incorporated as it was felt that it is primarily clarificatory in nature. The Council of the ICAI, has accordingly, decided to withdraw ASI 12, and issue the same as a Guidance Note as it provides appropriate guidance on the subject.

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statute or otherwise, it should calculate and disclose earnings per share in accordance with AS 20.

Recommendation

3. Since Part IV of Schedule VI to the Companies Act, 1956, requires, among other things, disclosure of earnings per share, every company which provides information under Part IV of Schedule VI to the Companies Act, 1956, should calculate and disclose earnings per share in accordance with AS 20, whether or not its equity shares or potential equity shares are listed on a recognised stock exchange in India.