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**Re: Exposure Draft Simplifying Earnings per Share**

Dear Sir,

This letter sets out the comments of the Belgian Accounting Standards Board on the EFRAG draft comment letter on the Exposure Draft 'Simplifying Earnings per Share'.

***General comments***

In general we agree that, now that the IASB is currently involved in a joint project with the FASB on financial instruments with characteristics of equity, it seems likely that a change in the split between equity and liabilities will be made. Nevertheless we don't think this can be a reason that at the present time we can not try to converge and simplify the calculation of Earnings per Share (EPS). The calculation of EPS is in our view an important issue in financial reporting which should be addressed by accounting standards.

**Question 1 – Mandatorily convertible instruments and instruments issuable for little or no cash or other consideration**

*(a) Do you agree that the weighted average number of ordinary shares for basic EPS should include only instruments that give (or are deemed to give) their holder the right to share currently in profit or loss of the period? Why or why not?*

We agree and believe that this principle is worthwhile setting and relevant to the determination of EPS.

*(b) Does the exposure draft apply this principle correctly to mandatorily convertible instruments and ordinary shares issuable for little or no cash or other consideration? Why or why not?*

The Belgian Accounting Standards Board agrees that the principle referred to above has been applied correctly.

## BELGIAN COMMISSION FOR ACCOUNTING STANDARDS

### **Question 2 – Gross physically settled contracts to repurchase an entity’s own shares and mandatorily redeemable ordinary shares.**

*Do you agree with the proposed treatment of gross physical settled contracts to repurchase an entity’s own shares and mandatorily redeemable shares? Why or why not?*

We agree with the proposed treatment of gross physically settled contracts to repurchase an entity’s own shares and mandatorily redeemable shares.

### **Question 3 – Instruments that are measured at fair value through profit or loss**

*Do you agree that the fair value changes sufficiently reflect the effect on ordinary equity holders of instruments measured at fair value through profit or loss and that recognizing those changes in profit or loss eliminates the need for further adjustments to the calculation of EPS? Why or why not?*

We agree with the reasoning followed by the board.

### **Question 4 – Options, warrants and their equivalents**

*(a) Do you agree that to calculate diluted EPS an entity should assume the settlement of forward sale contracts on its own shares in the same way as options, warrants and their equivalents? Why or why not?*

We agree that for the computation of diluted EPS an entity should assume the settlement of forward sale contracts on its own shares.

*(b) Do you agree that ordinary shares arising from the assumed exercise or settlement of options, warrants and their equivalents should be regarded as issued at the end-of-period market price? Why or why not?*

We agree with the IASB.

### **Question 5 – Participating instruments and two-class ordinary shares**

*Do you agree with the proposed amendments to the application guidance for participating instruments and two-class ordinary shares? Why or why not?*

We agree with the proposed amendment.

### **Question 6 – Disclosure Requirements**

*The Board does not propose additional disclosures beyond those disclosures already required in IAS 33. Are additional disclosures needed? If so, what additional disclosures should be provided and why?*

We agree that no supplementary disclosure is necessary.

## BELGIAN COMMISSION FOR ACCOUNTING STANDARDS

Although overall we agree with the amendments proposed by the IASB, we don't think the proposed amendments to IAS 33 will lead to a more simple calculation of EPS. The calculation of APS seems us still needlessly complex.

Yours sincerely,

Jan Verhoeve  
Chairman Belgian Accountant Standards Board