

Illustration one

Mangu Ltd had 500,000 ordinary shares (of Shs 1,000 each) in issue on 30 June 2022. During the year ended 30 June 2023, the company issued an additional 300,000 shares at full market price of Shs 2,500 each on 31 December 2022. The company's profit for the year ended 30 June 2022 and 2023 was Shs 250 million and Shs 320 million respectively.

Required: Compute Mangu's Earnings per share for the years ended 30 June 2022 and 30 June 2023.

Illustration two

Mangu Ltd had 500,000 ordinary shares (of Shs 1,000 each) in issue on 30 June 2022. During the year ended 30 June 2023, the company made a bonus issue of one share for every four existing shares on 31 December 2022. The company's profit for the year ended 30 June 2022 and 2023 was Shs 250 million and Shs 320 million respectively.

Required: Compute Mangu's Earnings per share for the years ended 30 June 2022 and 30 June 2023.

Illustration three

Mundu company limited had 10 million shares in issue on 1 January 2022. They issued 2,000,000 shares at market value on 31 March 2022, followed by a 1 for 5 bonus issue on 1 September 2022, with a further 3,000,000 issued at market value on 1 November 2022. Mundu's profit for the year ended 31 December 2022 was Shs. 2.3 million.

Required: Compute Mundu's Earnings per share for the year ended 31 December 2022.

Illustration four

On 31 December 2021, A company issued share capital consisted of 4,000,000 ordinary shares of Shs. 100each. On 1 July 2021 the entity made a rights issue in the proportion of 1 for 4 at Shs. 200 per share and the shares were quoted immediately before the issue at Shs. 300 Each. The following information was provided relating to the company:

Year ended 31 December	2021	2020
	Shs	Shs
Profit after tax	42,500,000	32,000,000

Required: Compute the value of earnings per share to be included in the financial statements of the company for the year ended 31 December 2021.

Illustration five

Mifupa Breweries Ltd (MBL) is a Ugandan-based holding company that manufactures opaque beer, spirits, gins, wines, and energy drinks, with subsidiaries in Kenya, Tanzania, Congo and South Sudan. MBL's stock is listed on the Ugandan stock exchange market.

In recent years, there have been signs of Uganda's walk towards alcohol regulation with the proposed introduction of the Alcohol Control Bill where its proponents argue that alcohol is a massive obstacle to development in Uganda. Because of this campaign, the shares seem falling and so is the demand for MBL's shares in the secondary market. Actually, some shareholders are looking for buyers. The shareholders are concerned and worried and therefore, would like to determine their current earnings in order to make decisions.

During the group annual general meeting that took place last year, shareholders proposed to hire a financial analyst to come up with detailed computations for their review. You won this consultancy and signed a contract to deliver on this matter.

You were provided with the following information:

Statement of profit or loss and other comprehensive income for the year ended 31 October 2022:

	Shs '000'
Turn over	2,830,912
Cost of sales	(721,892)
Gross profit	2,109,020
Distribution costs	(224,500)
Administrative costs	(574,983)
Other operating expenses	(389,100)
Finance costs	(561,390)

Profit before tax	359,047
Income tax	(125,666)
Profit for the period	233,381
OCI–revaluation gains on land	58,000
Total comprehensive income for the period	291,381

The non-controlling interest for the year was Shs 132,000,000.

In addition, the following information was provided to you by the company's Treasury Accountant:

- 1) The total amount of equity dividends paid was Shs 18,500,000.
- 2) Preference dividends paid out (none paid to non-controlling interests) were Shs 12,000,000.
- 3) On 1 September 2021, MBL issued equity share capital amounting to Shs 435,000,000 with a nominal value of Shs 1,000 per share.
- 4) On 1 September 2021, MBL issued 8% preference shares amounting to Shs 20,000,000.

During the year ended 31 October 2022, the following transactions took place:

- (a) On 1 December 2021, MBL wanted to acquire French oak wine barrels and hence issued Shs 200 million equity at nominal value of Shs 1,000 each at the full market price at the date of issue.
- (b) On 1 March 2022, MBL offered its ordinary shareholders as at 1 September 2021 a right to subscribe to one new ordinary share for every three ordinary shares they hold. The last date on which the shares are traded is 1 April 2022 and the closing market price on 1 April 2022 is Shs 2,000 whereas the exercise price is Shs 800.
- (c) The shareholders continued to pressurize the board on the value of their shares and an extra general meeting was held where it was agreed that the company buys back some of the shares. Hence, on 1 October 2022, MBL re-purchased 70,000 shares at full market value.
- (d) On 31 October 2022, a bonus issue was completed, issuing one new share for every five equity shares in issue at that date.

Required: Calculate, using the information provided, the basic earnings per share (EPS) for the year ended 31 October 2022.

Illustration six

Asawo company limited (ACL) had 8.28 million shares in issue on 1 January 2023. No new shares were issued by ACL during the year ended 31 December 2023, but on that date, it had in issue Shs. 2,300,000 convertible loan stock with an effective interest rate of 10%. ACL pays income tax at the rate of 30% and the earnings for the year were Shs 2,208,000.

The loan stock can be converted into 90 ordinary shares of Shs 1 each for every Shs 100 nominal value of loan stock.

Required: Calculate the diluted earnings per share for the year ended 31 December 2023.

Illustration seven

Axle and Company (AC) is a company whose shares are publicly traded on the Ugandan stock exchange market. Given the nature of its trade, AC has various actual and potential stakeholders who require information regarding its performance to make their decisions. Management is working tirelessly to ensure that they provide such information and has been advised by its consultants to apply the fundamental qualitative characteristics of useful financial information, if the company's information is to be useful to its stakeholders.

On 1 January 2021, AC had in issue Shs 50 million 10% convertible debenture. This debenture is convertible into ordinary shares at a rate of 500 ordinary shares for every one million debenture stock. The company also had outstanding 10,000 share options which are to be exercised five years later at a price Shs 9,000 per share. The average market price per share of AC shares during the year ended 31 December 2021 was Shs 11,000. AC had 100,000 ordinary shares during the year and made a net profit Shs 820 million for the year ended 31 December 2021. Out of the net profit for the year, Shs 57 million is attributed to the non-controlling interest. The corporate tax rate is 30%.

Required: Compute the basic and diluted EPS for the year ended 31 December 2021