

21 November 2008

Michael Buschhueter
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Dear Michael

IASB Exposure Draft - *Simplifying Earnings per Share: Proposed amendments to IAS 33*

The Financial Reporting Standards Board (FRSB) of the New Zealand Institute of Chartered Accountants is pleased to submit its comments on the Exposure Draft – *Simplifying Earnings per Share: Proposed amendments to IAS 33* (ED). The FRSB also sought the views of New Zealand constituents on the ED and will forward any relevant submissions received to you.

The FRSB has long held the view that the calculation and disclosure of earnings per share (EPS) should not be the subject of a financial reporting standard. This is evidenced by the absence of such a standard under our previous GAAP and the FRSB's rejection of any past requests to develop such a standard.

Our principal objection to a standard on EPS is that EPS is an analytical tool employed by the users of financial statements. What tools users of financial statements choose to employ for their analysis is for them to decide. The role that the financial statements should play is to provide sufficient relevant and reliable (faithfully representative) information for the users to be able to analyse the financial performance and position of the reporting entity.

EPS is only one of any number of analytical tools employed by the users of financial statements. In the FRSB's view it is a crude and not even particularly good tool. However, as it is the sole analytical tool to be addressed by a financial reporting standard, its apparent relevance and importance is elevated to a level that, in the FRSB's opinion, is not justified. We also note that, during the discussions relating to the financial statements presentation project, some members of the IASB have expressed concern about the undue importance that is currently given to "earnings". The FRSB shares that concern, but believes that having a standard on EPS magnifies the issue and, if the EPS standard is preserved (even in a simplified form), this will remain embedded for the future.

The FRSB urges the IASB to give serious consideration to the possibility of withdrawing IAS 33, rather than amending it. The FRSB does not wish to make any comments on the specific questions raised in the Invitation to Comment.

If you have any queries or require clarification of any matters in this submission, please contact Clive Brodie (clive.brodie@nzica.com) in the first instance, or me.

Yours sincerely



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