

## PERFECTIONING OF ANALYSIS OF THE EARNINGS PER SHARE INTENDED FOR FUNDAMENTING ECONOMIC DECISIONS

Chirilov NELEA<sup>1</sup>

<sup>1</sup>Academy of Economic Studies of Moldova, 0000-0003-4979-4633

**Abstract:**

An important indicator of joint stock companies is the earnings per share. Information on earnings per share reflects not only the relationship over the distribution of profit of the company, but also can be used to and for assessing the investment potential of the joint stock company. In the article, we will investigate and analyse more deeply the earnings per share, which is of particular importance to a wide range of users in the decision-making process, as it provides information regarding both, the efficiency of investments in shares, as well as strategies regarding the economic performance and financial position of the joint stock company.

**Keywords:** Joint-Stock Company, Basic Earnings Per Share, Diluted Earnings Per Share, Ordinary Shares, Preference Shares

**JEL classification:** M40, M41, M49

### 1. Introduction

Analysis of a joint stock company's performance consists in determining and interpreting the most important indicator - the earnings per share. Correctness and relevance of the economic decisions regarding the use of equity and investment in shares are largely conditioned by the authenticity, clarity and integrity of the information regarding the size and evolution of this indicator.

Scientific research of this topic is determined by the importance of analysing earnings per share for the adoption of tactical, operational and strategic decisions related to:

- appreciation of the attractiveness of the shares issued by the joint stock company and the investment risk in the issued securities;
- development of investment projects in the fixed and current assets of the joint stock company;
- examining financing alternatives on the basis of the issue of securities compared to other options;
- determining and appreciating the adequacy of the dividend policy promoted by the joint stock company, etc.

In addition, the importance of scientific research in this area is also determined by the fact that the given topic is actual in the current context of changes, which take place at national and international level, especially those that have influenced in recent years and will influence in perspective, the activity of joint stock companies, Moldovan Stock Exchange and the National Commission for Financial Markets. We believe that, through the actions proposed in the present research, it will be possible to achieve the objectives of developing an efficient, sustainable and competitive activity of local joint stock companies in the conditions of increasing competitive pressure.

### Studies on the optimization of the calculation of earnings per share

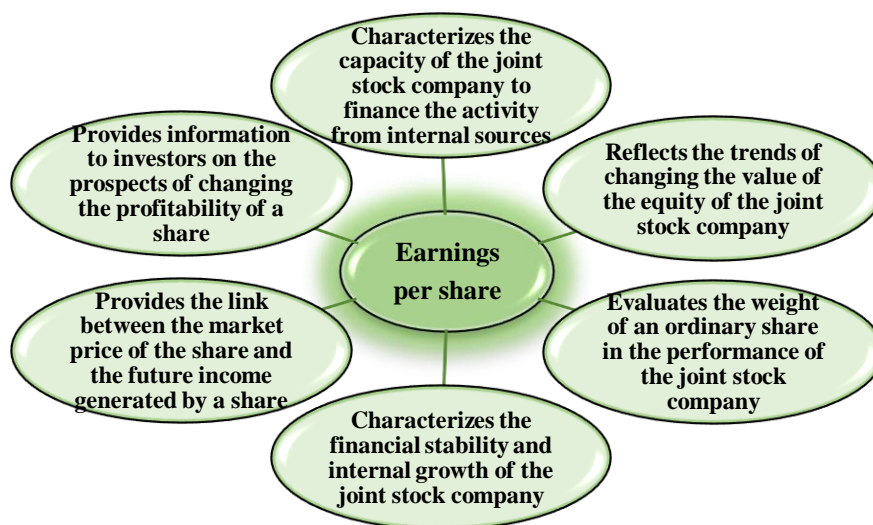
A number of analytical problems arise from the calculation and assessment of earnings per share within the domestic joint stock companies, whose shares are listed on the Moldovan Stock Exchange.

In order to argue the necessity of analysing earnings per share, the informational objectives of the mentioned indicator for the decision-making process are identified in figure 1.

---

<sup>1</sup> [chirilov.nelea.vladimir@ase.md](mailto:chirilov.nelea.vladimir@ase.md)

**Figure 1: Objectives of the information on earnings per share**



Source: developed by author

From the figure above, it appears that providing relevant, clear and comparable information on the size of earnings per share, which will be developed in a unique accounting language, worldwide, will allow improving the decision-making process for investors, creditors, suppliers, domestic and foreign customers.

In this context, in order to respond to the requirements of the domestic and foreign users who wish to understand the information about earnings per share of the local joint stock companies, we consider it necessary to implement the provisions of International Accounting Standards 33 "Earnings per Share" (IAS 33) [3] in the practice of the Republic of Moldova.

It should be mentioned that the advantage of implementing this accounting standard at the national level is most evidently felt by joint stock companies, which wish to have access to international financing and by investors who want to compare earnings per share of some companies located in different countries.

Nowadays, problems arise in the domestic economic practice regarding the calculation of earnings per share, as neither the National Accounting Standard "Presentation of financial statements" nor any other normative act regulates the determination of earnings per share. In this context, further explanations are needed regarding the applicability of the provisions of IAS 33 under the domestic conditions. Therefore, in order to present truthful information, it appears the need for a deeper investigation of the calculation and analysis of earnings per share in different situations.

According to the requirements of the mentioned standard, there are two ways of calculating earnings per share: basic earnings per share and diluted earnings per share. In particular, according to the provisions of point 10 of IAS 33, *basic earnings per share* are calculated "by dividing the profit or loss attributable to ordinary equity holders of the parent company (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the period". To this end, according to point 19 of IAS 33, "the number of ordinary shares must be equal to the weighted average of the number of ordinary shares outstanding during the respective period" [3].

Since the size of the denominator of the formula for calculating earnings per share is regulated by IAS 33 only in a general manner, it becomes relatively difficult to determine it in practical terms. The weighted average of outstanding ordinary shares, during the respective management period, can be calculated according to several modalities, which are further investigated.

An important problem of the mentioned accounting standardization is the calculation of the weighted average of the ordinary shares in circulation. According to point 20 of IAS 33 "the weighted average of outstanding ordinary shares during the period is the number of outstanding ordinary shares

at the beginning of the period, adjusted by the number of o shares bought back or issued during the period, multiplied by a time weighting factor. The time-weighting factor is the number of days in which that the respective shares are outstanding, as a proportion of the total number of days in the period” [3].

Since IAS 33 contains only the general rule for determining the denominator of earnings per share, the need for practical illustrations related to the calculation of the respective indicator appears to practitioners.

Further, based on an example, we will present the way of calculating basic earnings per share according to the weighted average of the number of outstanding shares, under the conditions of the additional issue of ordinary shares on behalf of the shareholders' monetary contributions.

**Example no. 1.** *The share capital of the "Vita" JSC issuer consists only of ordinary shares. As of January 1, 200N, the number of outstanding ordinary shares amounts to 1447922 shares. In 200N, a net profit of 108275946 lei was registered. On June 30, 200N, the increase of the share capital by 3800000 lei from the account of the money means through the additional issue of 4961753 ordinary shares with the nominal value of 25 lei was registered in the state register of securities.*

It should be noted that if the additional issue of shares in cash occurs, the size of both, equity and assets is increased. In accordance with art. 38 paragraph (1) let.e), art. 42 paragraph (5) and art. 44 paragraph (10) of the Law on joint stock companies, the state registration of the shares of the additional issue is made only after the deposit of the money means in the account of payment of the placed shares [2]. Therefore, the number of outstanding ordinary shares must be adjusted at the date of registration in the state register of securities that is in our case on June 30, 200N.

Thus, the methodology of determining the duration of outstanding of all ordinary shares of the "Vita" JSC issuer is illustrated in Table 1.

**Table 1: Calculation of the outstanding duration of all ordinary shares of the "Vita" JSC issuer in 200N**

Date	Number of ordinary shares outstanding, units	Outstanding duration of an ordinary share, days	Outstanding duration of all ordinary shares, days
1	2	3	4 = 2 x 3
January 1, 200N	1447922	180	260 625 960
June 30, 200N	1599922 = 1447922 + 152000	185	295 985 570
<b>Total</b>		<b>365</b>	<b>556 611 530</b>

Source: developed by author

Further, using the data from example 1 and table 1, we present the method of calculating the weighted average number of outstanding ordinary shares and basic earnings per share of the "Vita" JSC issuer in 200N.

$$\text{Weighted average number of outstanding ordinary shares} = \frac{\text{Total outstanding duration of all ordinary shares}}{365 \text{ days}} = \frac{556611530}{365} = 1524963 \text{ shares} \quad (1)$$

$$\text{Basic earnings per share} = \frac{\text{Net profit (net loss) – Dividends related to preference shares}}{\text{Weighted average number of outstanding ordinary shares}} = \frac{108275946 - 0}{1524963} = 71,00 \text{ lei} \quad (2)$$

Based on the obtained results, we can mention that the weighted average number of ordinary shares calculated by applying the number of actually outstanding days, in 200N, constituted 1524963 shares, being with 74959 (1599922 - 1524963) shares lower than the number of outstanding ordinary

shares at the end of 200N. The size of basic earnings per share shows that, in 200N, each ordinary share registered 71.00 lei of net profit for the holders of the ordinary shares.

It is important to mention that, in the report of "Vita" JSC, for the year 200N, published on its own web page, the "net profit per an ordinary share of the company" indicator was presented, amounting to 67.68 (108275946 ÷ 1599922) lei, which was calculated as the ratio between the net profit and the number of outstanding ordinary shares at the end of 200N. This fact allows us to find that the information provided to the users was not completely accurate. From these details, it appears that, in order to increase investor confidence in the accuracy of financial information, the provisions of IAS 33 must be applied.

In the economic practice of domestic joint stock companies, cases when the reduction of the share capital takes place by cancelling treasury shares are frequent. Thus, it is important to determine when to exclude these shares from the calculation of weighted average of outstanding ordinary shares.

The way of calculating basic earnings per share, in case of cancelling the treasury shares, will be elucidated based on the following example.

**Example no. 2.** The "Nufa" JSC issuer, on January 1, 200N, had registered 279939 ordinary shares and 56800 preference shares in the state register of securities.

On September 29, 200N, in the state register of securities, the reduction of the share capital was registered by the cancellation of 200923 of ordinary treasury shares and 56800 preference treasury shares. In the year 200N, the "Nufa" JSC issuer registered a net profit in the amount of 3665094 lei and paid dividends from preference shares in the amount of 68160 lei.

It should be mentioned that, if cancellation of treasury shares takes place, the size of the equity is reduced. According to the provisions of art. 13 paragraph (5) of the Law on joint stock companies, "treasury shares purchased or repurchased in order to reduce the share capital of the company shall be cancelled after the respective changes have been registered in the state register of securities and in the company's statute" [2]. Thus, the number of outstanding ordinary shares of the "Nufa" JSC issuer must be adjusted on September 29, 200N.

The corresponding calculations for determining the Outstanding duration of all ordinary shares of the "Nufa" JSC issuer, in the year 200N, are presented in table 2.

**Table 2: Calculation of the outstanding duration of all ordinary shares of the "Nufa" JSC issuer in 200N**

Date	Number of ordinary shares outstanding, units	Outstanding duration of an ordinary share, days	Outstanding duration of all ordinary shares, days
1	2	3	4 = 2 x 3
January 1, 200N	279939	271	75 863 469
September 29, 200N	79016 = 279939 – 200923	94	7 427 504
<b>Total</b>		<b>365</b>	<b>83 290 973</b>

Source: developed by author

Applying the data from example 2 and table 2, we present the method of calculating the weighted average number of outstanding ordinary shares and basic earnings per share of the "Nufa" JSC issuer in 200N.

$$\text{Weighted average number of outstanding ordinary shares} = \frac{\text{Total outstanding duration of all ordinary shares}}{365 \text{ days}} = \frac{83290973}{365} = 228194 \text{ shares} \quad (3)$$

$$\text{Basic earnings per share} = \frac{\text{Net profit (net loss) – Dividends related to preference shares}}{\text{Weighted average number of outstanding ordinary shares}} = \frac{3665094 - 68160}{228194} = 15,76 \text{ lei} \quad (4)$$

The presented calculations allow us to conclude that, in the year 200N, the weighted average number of outstanding ordinary shares amounted to 228194 shares, with 149178 (228194 - 79016) shares greater than the number of outstanding ordinary shares at the end of the year 200N. In 200N, the basic earnings per share show that, for each ordinary share, there were 15.76 lei of net profit for the holders of the ordinary shares.

It should be mentioned that, in the annual report of the "Nufa" JSC issuer, for the year 200N, published in the mass-media, the "net profit per an ordinary share of the company" indicator was presented, amounting to 46.38 (3665094 ÷ 79016) lei, calculated as the ratio between the net profit and the number of outstanding ordinary shares at the end of 200N. The size of the aforementioned indicator is with 30.62 (46.38 - 15.76) lei bigger than its size calculated according to the requirements of IAS 33. Therefore, the information provided to investors does not adequately reflect the real situation and may cause the holders of ordinary shares to opt for a higher share of the net profit for the payment of dividends during the general meetings of the shareholders. Also, the market price of an ordinary share may be overvalued. All of these, once again, demonstrate the domestic joint stock companies the necessity of concretizing by the National Commission for Financial Markets the requirements regarding the way of calculating basic earnings per share.

According to point 27 of IAS 33, "ordinary shares may be issued, or the number of outstanding shares may be reduced without a corresponding change in resources" [3]. Taking into account the provisions of the Law on joint stock companies, we note that, in the domestic practice, such situations may occur in the following cases: additional issue of fully paid shares with the net assets (equity) of the company (art. 44 paragraph (6)); payment of dividends with treasury shares or additional issue shares (art. 49 paragraph (7)); consolidation and division of shares that do not lead to the modification of the share capital of the company (art. 81 paragraph (6)) [2].

According to point 28 of IAS 33, if the change of the number of outstanding ordinary shares does not cause the change of resources, "the number of outstanding ordinary shares is adjusted before the respective operation with the proportional change of the number of outstanding ordinary shares, as if the transaction would have taken place at the beginning of the first period presented" [3]. It should be mentioned that compliance with this requirement will result in the recalculation of basic earnings per share for the previous period.

The method of calculating basic earnings per share, under the conditions of consolidation of ordinary shares and the additional issue of shares fully paid with equity, is examined in the following example.

**Example no. 3.** "Sudz" JSC issuer, during the years 200N-200N+1, had registered a number of 10 916 660 ordinary shares in the state register of securities. In 200N, "Sudz" JSC issuer registered a net profit in the amount of 146 262 524 lei, and in the year 200N+1, in an amount of 75 415 871 lei.

It is assumed that "Sudz" JSC, at the date of:

–April 1, 200N+1, decided on the consolidation of ordinary shares: each two old shares, with a nominal value of 10.00 lei, are changed on a new one with a value of 20.00 lei;

–July 1, 200N+1, decided to carry out additional issue of shares on behalf of the non-distributed profit and reserves. The conditions for the additional issue of shares are: three ordinary shares for each ordinary share outstanding at June 30, 200N+1.

Based on the information contained in Example 3.3, we can mention that the number of outstanding ordinary shares, after consolidating ordinary shares, would decrease to 5458330 (10916660 ÷ 2) shares. It should be noted that the consolidation of shares does not lead to the modification of the share capital of "Sudz" JSC, respecting the provisions of art. 81 paragraph (6) of the Law on joint stock companies [2].

After the additional issue of fully paid shares with the equity of the company, the number of outstanding ordinary shares would increase by 16374990 (5458330 × 3) shares. In the opinion of the local economist Ciobanu Veaceslav, "as a result of the increase of the share capital from the net profit, the entity does not become richer or poorer, and associates the same" [1, p.26]. At the same time, it should

be mentioned that, in accordance with the provisions of art. 44 paragraph (6) of the Law on joint stock companies, "fully paid shares of the additional issue with the net assets (equity) of the company are distributed among the shareholders of the company without payment, in accordance with the classes and in proportion to the number of shares belonging to them" [2].

Calculation of basic earnings per share of "Sudz" JSC, in the conditions of consolidating the ordinary shares and the additional issue of the fully paid shares with equity is illustrated in table 3.

**Table 3: Calculation of basic earnings per share under the conditions of consolidation of ordinary shares and additional issue of fully paid shares with equity**

No. crt.	Indicators	Year 200N	Year 200N+1
1	2	3	4
1	Net profit (net loss), lei	146262524	75415871
2	Dividends related to preference shares, lei	–	–
3	Net profit (net loss) related the owners of ordinary shares, lei (ind.1 - ind.2)	146262524	75415871
4	Number of outstanding ordinary shares until consolidation and additional issue of shares, units	10916660	10916660
5	Number of outstanding ordinary shares after consolidation of ordinary shares, units	–	5458330
6	Number of outstanding ordinary shares after the additional issue of fully paid shares with equity, units	–	16374990
7	Number of outstanding ordinary shares after consolidation and additional issue of shares, units	10916660	21833320 = =5458330+16374990
8	Basic earnings per share, calculated:		
8.1	until the consolidation and additional issue of shares, lei (ind.3 ÷ ind.4)	$\frac{146262524}{10916660} = 13,40$	$\frac{75415871}{10916660} = 6,91$
8.2	after consolidation and additional issue of shares in 200N + 1, lei	$\frac{146262524}{21833320} = 6,70$	$\frac{75415871}{21833320} = 3,45$

Source: developed by author

Based on the data presented in table 3, we notice that the number of outstanding ordinary shares after the consolidation of ordinary shares and the additional issue of fully paid shares with the equity has increased in 200N+1, which has led to a decrease in the basic profit per share from 6.91 lei to 3.45 lei.

As the increase of the number of outstanding ordinary shares did not lead to the modification of equity, basic earnings per share were recalculated for the year 200N, according to the number of outstanding ordinary shares in the year 200N+1, after the consolidation and additional issue of shares. The aforementioned recalculation was performed in order to ensure the comparability of the obtained data, i.e. for the true assessment of the evolution of basic earnings per share in dynamics. As can be seen from the data in the above table, basic earnings per share, in dynamics, decreased with 3.25 lei, involving from 6.70 lei the profit per share in 200N, to 3.45 lei the profit per share in 200N+1.

If the joint stock company has potential ordinary shares, in addition to basic earnings per share, the diluted earnings per share are calculated, which represents one of the quite controversial problems in economic theory and practice. The attention needed to research and solve the problem arises from the fact that joint stock companies sometimes enter into share issue commitments in the future, which will result in a change in basic earnings per share. Thus, in order to make effective economic decisions, the holders of ordinary shares, as well as the holders of potential ordinary shares, want to know the influence

of the potential ordinary shares on the evaluation of basic earnings per share.

According to point 7 of IAS 33, the potential ordinary shares are: financial liabilities or equity instruments, including preference shares, that are convertible into ordinary shares; shares that would be issued upon the satisfaction of conditions resulting from contractual arrangements, such as the purchase of a business or other assets [3].

We must mention that the diluted earnings per share is calculated in accordance with the method of calculating basic earnings per share, while adjusting the profit or loss attributable to ordinary shareholders of the joint stock company and the weighted average number of outstanding shares with the effects of all potential diluted ordinary shares.

It should be noted that potential ordinary shares are diluted only when their conversion into ordinary shares leads to diminishing of profit per share or increase of loss per share. If their conversion into ordinary shares increases the profit per share or reduces the loss per share, then these are potential antidilutive ordinary shares and their effect is not taken into account in the calculation of diluted earnings per share.

When analysing whether potential ordinary shares are diluted or antidilutive, each issue or class of potential ordinary shares is taken into account separately and not in their entirety. The order in which potential ordinary actions are examined cannot be random, as this may influence their ability to be diluted or not. Therefore, in order to maximize the dilution of basic earnings per share, according to the principle of prudence, each issue or class of potential ordinary shares is taken into account by order from the most diluted to the least diluted.

We consider that any potential dilution is very important for the existing shareholders, because it indicates on the possible reduction of the profits, which can be distributed in the future through dividends and the possible increase of the number of shares to which the total market value of the joint stock company is divided.

The way of calculating and analysing the diluted earnings per share is demonstrated in the following example.

**Example no. 4.** The "Pres" JSC issuer, as of December 31, 200N + 1, had registered in the state register of securities 9999 preference shares of Ist class with fixed dividends, 6666 preference shares of IInd class with non-fixed dividends and 174195 ordinary shares.

In 200N + 1, the "Pres" JSC issuer registered a net profit in the amount of 22527068 lei. According to the decision of the general meeting of shareholders from May 28, 200N + 2, the net profit of the year 200N + 1 was distributed in an amount of 60% for the payment of dividends. The following was approved:

1) the size of the annual dividends for the preferential shares of Ist class - 43396 lei, for the preferential shares of IInd class - 785278.13 lei and for the ordinary shares - 12687492.83 lei;

2) the size of the annual dividends for a preferential share of Ist class - 4.34 lei, for a preferential share of IInd class - 117.80 lei and for an ordinary share - 72,835 lei.

It is assumed that any preference share of IInd class can be converted into two ordinary shares, and 14 preference shares of Ist class can be converted into an ordinary share.

In order to identify the order in which the potential ordinary shares will be examined when calculating the diluted earnings per share, additional earnings per share was determined, which can be obtained after each potential conversion of the preference shares, presented in table 4.

**Table 4: Calculation of additional earnings per share attributable to the holders of ordinary shares following the conversion of the preference shares**

No. crt.	Indicators	Modification of the net financial result, lei	Increase of the number of ordinary shares, units	Additional earnings per share, lei
1	2	3	4	5=3 ÷ 4
1	Conversion of Ist class preference shares	43396	714 = 9999 ÷ 14	60,78

2	Conversion of IInd class preference shares	785278,13	$13332 = 6666 \times 2$	58,90
3	<b>Total</b>	<b>828674,13</b>	<b>14046</b>	<b>x</b>

Source: developed by author

From the data in table 4, we can mention that, after the conversion of the preference shares, the number of ordinary shares can increase by 14046 shares, but the net profit for the holders of ordinary shares can increase by 828674.13 lei. Modification of converted earnings per share, in the case of the preference shares of Ist class, accounts for 60.78 lei, but in the case of the preference shares of IInd class - 58.90 lei. We note that the conversion of the preference shares of the IInd class will lead to a smaller modification of converted earnings per share. This means that, taking into account the principle of prudence, that is, in order to show the investor, the worst situation of all possible, we will calculate, first of all, the diluted earnings per share under the conditions of converting the preference shares of IInd class and, secondly, under the conditions of the converting preferential shares of Ist class.

The calculation of diluted earnings per share of the "Pres" JSC issuer in the year 200N+1, is illustrated in table 5.

From the calculations made in table 5, we can mention that the diluted earnings per share after the conversion of the preference shares of IInd class amount to 119.90 lei, but the diluted earnings per share after the conversion of the preference shares of Ist class constitutes 119.67 lei. Although both diluted earnings per share are important, however, taking into account the principle of prudence, the lowest diluted earnings per share are more significant for holders of ordinary and preference shares, because they present the maximum reduction in earnings per share from 124.56 lei to 119.67 lei.

**Table 5: Calculation of diluted earnings per share of the "Pres" JSC issuer in 200N+1**

No. crt.	Indicators	Net profit (net loss), lei	Number of outstanding ordinary shares, units	Earnings per share, lei
1	2	3	4	$5=3 \div 4$
1	Calculation of basic earnings per share	$21698393,87 = 22527068 - 43396 - 785278,13$	174195	124,56
2	Conversion of preference shares of IInd class	785278,13	13332	x
3	Calculation of diluted earnings per share after conversion of preference shares of IInd class [ind.1 + ind.2]	22483672	187527	119,90
4	Conversion of preference shares of Ist class	43396	714	x
5	Calculation of diluted earnings per share after conversion of preference shares of Ist class and IInd class [ind.3+ind.4]	22527068	188241	119,67

Source: developed by author based on data presented in example no. 4 and table 4.

In our opinion, for the holders of ordinary and preference shares, of particular importance are comparisons between:

1) basic earnings per share and diluted earnings per share, because they show the diminution of the profit per share or the increase of the loss per share, which can be recorded by the holders of ordinary shares if all the holders of potential diluted ordinary shares choose to convert them into ordinary shares.

2) dividends on a certain type of potential ordinary share and diluted earnings per share:

2.1) if the dividends on a potential ordinary share are greater than the diluted earnings per share, then, from the point of view of earnings per share, conversion of potential ordinary shares into ordinary shares is not justified, as the situation will worsen compared to the existing one.

2.2) if dividends on a potential ordinary share are smaller than the diluted earnings per share, then the conversion of the potential ordinary shares into ordinary shares is justified, because, the investors can obtain income from conversion.



From the results of example 4, it can be observed that the basic earnings per share can be reduced following the conversion of the preference shares by 4.89 (124.56 - 119.67) lei. Considering the size of the dividends on a preference share and the diluted earnings per share, we can see that converting the preference shares into ordinary shares is profitable for the holders of preference shares, because it is possible to obtain additional income. In particular, shareholders obtained dividends in the amount of 4.34 lei for each preference share of 1st class. If the conversion takes place, then for 14 preference shares of 1st class converted into an ordinary share, an additional income in the amount of 58.91 (119,67 – (4,34×14))lei can be obtained, in the situation of the full distribution of the net profit in the shape of dividends on ordinary shares.

In our opinion, information on diluted earnings per share is needed to substantiate economic decisions regarding the holding or conversion of potential ordinary shares, to plan the sale-purchase transactions of shares, and also to understand the policy of the joint stock company's management on respecting and defending the interests of shareholders, etc.

Generalizing the above mentioned, we conclude that implementation of the provisions of IAS 33 in the practice of domestic joint stock companies will ensure compliance with the transparency requirements of the information provided, increasing investor confidence and prestige on the capital market.

## 2. Conclusions

The carried out research allows formulating some conclusions and recommendations regarding the improvement of the analysis of earnings per share:

- For the implementation of provisions of IAS 33 in the economic practice of domestic joint stock companies, the author recommends applying explanations regarding the more accurate evaluation of earnings per share under the conditions of the additional issue of ordinary shares on behalf of the shareholders' contributions and on behalf of the equity, cancelling the treasury shares, consolidation of ordinary shares, as well as conversion of preference shares into ordinary shares.
- Improving the way of calculating earnings per share will lead to the comparability of information at the international level and the basis of economic decisions regarding the purchase, holding or sale of ordinary shares, preservation or conversion of potential ordinary shares, planning of sale-purchase transactions of shares, etc.

Implementation of research results in joint stock companies in the Republic of Moldova has shown that they provide valuable information for the elaboration, substantiation and adoption of optimal economic decisions.

## References

- Ciobanu, Veaceslav. (2012) Operațiuni de capital – aspecte contabile și fiscale. *Accounting: current challenges and aspirations for the future: International Scientific Conference of 4.04.2012*. Kishinev: ASEM, 2012, p. 25-33. Available at [https://ibn.idsi.md/sites/default/files/imag\\_file/25-33\\_12.pdf](https://ibn.idsi.md/sites/default/files/imag_file/25-33_12.pdf)
- Law on Joint-Stock Companies, nr.1134-XIII from 2 April 1997. Available at <https://www.ebrd.com/downloads/legal/securities/moldjs.pdf>  
<http://lex.justice.md/index.php?action=view&view=doc&lang=1&id=326515>
- IAS 33 Earnings per Share. Available at <https://www.ifrs.org/content/dam/ifrs/publications/pdf-standards/english/2021/issued/part-a/ias-33-earnings-per-share.pdf>  
<https://www.mf.gov.md/ro/lex/contabilitate-%C8%99i-audit>