

The strategy of Accounting Standards and Finance mechanism on EPS in the context of Bangladesh

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ABSTRACT

This article discusses how companies in Bangladesh can increase their earnings per share (EPS) by using accounting standards and financial strategies. It integrates international accounting standards (IAS) and local regulations. The study proposes a model through which EPS can be increased by complying with accounting standards (ASC), coordinating financial processes (FMI), managing and reporting structures (GRS) and innovative financial practices (IFP). This study has highlighted the necessity of transparency, ethical reporting and the combination of Return on Equity (ROE) and Debt-to-Equity ratio (DER). By analyzing the present financial situation in Bangladesh, this study provides practical advice for managers to increase EPS while building investor confidence and market stability.

Keywords: EPS; Financial Mechanisms; International Accounting Standards (IAS); Corporate Governance; Financial Ratios

Manuscript Received: November 4, 2024; Revised Manuscript Received: March 18, 2025, Accepted: May 12 2025

1. INTRODUCTION

EPS which is known as Earnings Per Share is a critical metric for assessing a firm's profitability. It indicates the percentage of a company's profit distributed to each outstanding common stock share of. EPS provides substantial insights into a business's financial condition to influence investor perception and market sentiment. It offers a synopsis of the company's historical profitability & managerial efficiency. Investors utilize EPS to conduct comparative analyses across companies within the same industry. A greater EPS usually signifies greater profitability and efficiency in generating revenue. Fluctuations in EPS can significantly impact stock prices, as they reflect positive or negative shifts in a company's financial condition. Effective EPS management fosters investor confidence and enhances a company's ability to attract investments.

Accounting standards are the instruments to preparation and demonstration of financial statements. IAS 33 is particularly significant for ensuring the consistent calculation of EPS. Standardized EPS calculations facilitate comparisons between different companies and industries.

Adherence to international standards like IFRS is vital for enhancing financial reporting transparency. Compliance with these standards bolsters stakeholder confidence

in the presented information, thereby enhancing the financial statements credibility. According to Hameedi et al. (2021), “the adoption of IFRS has substantially improved the accuracy and reliability of financial reports to gain a clearer understanding of a company’s financial standing and performance of the investors”. The implementation of “IAS 33” establishes a “uniform methodology for EPS calculation”.

Companies employ various tools and strategies to manage their financial performance. Key financial ratios, such as “the debt-equity ratio and return on equity (ROE)” provide deeper knowledge into a company’s financial structure and profitability, informing investor assessments of company performance. For instance, “a high debt-equity ratio” may show elevated financial risk. Conversely, a favorable ROE suggests efficient management of equity financing, positively influencing EPS. Companies leverage these financial metrics to align their EPS with shareholder expectations and maintain competitiveness in the market. Rahmawati and Hadian (2022) emphasize that “understanding the relationship between these ratios and EPS is essential for effective financial management”.

In Bangladesh’s financial and regulatory landscape, companies encounter a range of challenges and opportunities. Despite rapid economic growth, the corporate sector faces obstacles such as regulatory compliance, corporate governance issues, and limited access to financial markets. These challenges significantly impact accounting practices and financial management strategies, ultimately affecting EPS calculation and reporting. The implementation of IAS & IFRS in Bangladesh is still in progress with many companies are struggling with compliance issues. Financial disclosure practices in developing countries like Bangladesh often fail to provide adequate information, potentially overstating a financial health of a company (Alam, 2007). Additionally, the regulatory framework governing corporate conduct in Bangladesh requires enhancement to confirm the consistency of financial information and enhance investor confidence.

Understanding how these local factors influence EPS is crucial. Companies must navigate a complex regulatory environment while ensuring transparency and accuracy in their financial reporting.

Further investigation into Bangladesh’s accounting regulations and financial systems is warranted. As business landscapes evolve, it is imperative to understand the implications of these factors on financial performance. Emphasizing transparency and accountability in corporate financial reporting is essential for developing a comprehensive strategy to optimize EPS.

This article’s aim is to examine and propose a model for enhancing EPS within the financial and regulatory framework of Bangladesh. Through a synthesis of existing research and empirical data, this study wants to identify best practices for aligning accounting regulations with sound financial management.

2. LITERATURE REVIEW

International Accounting Regulations and EPS Reporting

According to the studies on Examining how international accounting regulations impact Earnings Per Share (EPS) reporting on the Warsaw Stock Exchange by Prewysz-Kwinto and Voss (2021), comparing EPS numbers from other companies is simpler when one uses the same accounting methods. The writers contend that international guidelines—like those of the IFRS to openly present their financial performance. EPS using investors who want to evaluate a company's financial situation and profitability should pay great attention to this as Following the same accounting guidelines will enable Warsaw Stock Exchange firms to provide investors with better knowledge of their earning potential, therefore fostering confidence in the market.

Alternative Measurement Models of IAS 33

Using IAS 33, McEnroe and Mindak (2020) investigated several methods for computing earnings per share (EPS). Using different measuring models, they discovered, can influence the reported and understood EPS. The study underlines the need of applying consistent techniques to guarantee correct financial reporting. Changing from these approaches can result in variations in EPS numbers, which would mislead stakeholders. Maintaining the integrity of EPS reporting depends on following IAS 33 since it affects market opinions of a company's performance and investment decisions. IAS 33 guides on computing and displaying EPS in financial statements. It guarantees easy comparison of businesses. The criteria cover businesses with publicly listed shares as well as those that decide to disclose EPS. The standard says businesses have to publish both basic and diluted EPS.

$$\text{Diluted EPS} = \frac{\text{Net income} - \text{preferred dividends}}{\text{Weighted average shares outstanding} + \text{conversion of dilutive securities}}$$

Net Income: This denotes to the “company's entire earnings” which is calculated after the deduction of all taxes and expenses.

Preferred Dividends: These dividends are disbursed to “preferred shareholders” and are “subtracted from net income”.

“Weighted Average Shares Outstanding”: This figure indicates the shares' number in circulation over the reporting period, factoring in any shares that were issued or repurchased.

Diluted EPS: This figure is conservative since it represents reduced earnings per share when all convertible securities like, “preferred shares, debentures, stock options and warrants” are exercised.

$$\text{Diluted EPS} = \frac{\text{Net income} - \text{preferred dividends}}{\text{Weighted average shares outstanding} + \text{conversion of dilutive securities}}$$

IFRS 7 - Financial Instruments: Disclosures

Entities have to reveal the relevance of financial instruments for their performance and financial situation. This covers comprehensive knowledge on risk exposures that indirectly influence the EPS: credit, liquidity, market risks, and others.

Clear and accurate financial instrument disclosures together with their related risks can help to build investor confidence, therefore influencing the stock price and EPS of the company. Although financial disclosure policies differ in Bangladesh, where they apply, the need of following IFRS 7 cannot be emphasised since it will help to lower uncertainty and increase confidence in EPS numbers.

Impact of Creative Accounting on EPS

Al-Natsheh and Al-Okdeh (2020) examined how original accounting affects EPS. They found creative accounting can boost and misrepresent EPS. Some techniques clarify EPS, while others mislead. The study found that creative accounting can lower EPS reliability. Investors who use EPS to evaluate a firm face this issue. The authors argue implementing accounting standards like IAS 33 can limit creative accounting risks and make EPS reporting more transparent.

The Concept of “Quadrophobia”

Malenko, Grundfest, and Shen (2023) developed the term “quadrophobia,” which relates to rounding EPS statistics to avoid reporting 0 or 5 earnings. This practice may be less scrutinised by analysts and investors. This can affect profits figures because corporations may adjust EPS to fit a favoured format, hiding their true performance.

The paper showed how quadrophobia affects investors and regulators, undermining financial transparency. Company financial statements may be misinterpreted and market valuations affected if they purposefully round EPS. To guarantee that EPS estimates accurately reflect a company’s success, the authors recommend stronger accounting rules and enhanced knowledge and regulatory supervision.

Influence of “Debt-Equity Ratio” and “Price-Earnings Ratio” on Stock Price

Rahmawati and Hadian (2022) examined how financial parameters including the “debt-equity ratio (DER)”, EPS, & PER affect the prices of stock. Their research shows how these financial variables are interrelated and important in investment decision-making.

“The D/E ratio” shows a company’s financial control. It is calculated by dividing its “total liabilities” by shareholder equity. The “D/E ratio” discloses how much a firm relies on debt rather than its own resources. It is a gearing ratio and an important corporate finance statistic.

$$P/E \text{ Ratio} = \frac{\text{Unit price of a company share}}{\text{Earnings per share}}$$

High debt can hurt a company's finances and EPS. Stock prices rise for companies with fewer debt, reflecting a better financial structure and lower risk. Investors might regard organisations with lesser leverage as more stable and less likely to fail. Strong EPS indicates a company's profitability and affects the "P/E ratio". "The P/E ratio" measures financial market "investors' " willingness to pay for a firm's shares.

$$P/E \text{ Ratio} = \frac{\text{Unit price of a company share}}{\text{Earnings per share}}$$

Financial Ratios Affecting Stock Returns

Sausan et al. (2020) examined how financial parameters including ROA, ROE, DER, and EPS affect stock returns. They discovered that these ratios greatly impact investor sentiment and stock market performance. Investors and finance professionals can learn about these ratios from this research.

The study found that higher ROA and EPS lead to higher stock returns, indicating good management and profitability. However, a high DER may depress investor morale and stock performance. The authors reveal how organisations can strategically manage their financial metrics to promote investor confidence and market performance by examining these financial ratios and stock performance.

ROE helps calculating a company's financial performance. To calculate it, have to the divide "net income by shareholders' equity".

$$\text{Return on Equity (ROE)} = \frac{\text{Net Income}}{\text{Equity of the Shareholders}}$$

ROE usually indicates efficient use of shareholders' money by increasing EPS.

Financial Reporting Quality and Share Price Movement

Rashid (2020) examined how financial report quality affects Bangladeshi company share prices. Clear and accurate financial reporting affects investor and market behaviour, according to the study. Good financial reports that follow accounting standards and provide meaningful information help investors feel secure. Because investors may not believe weak financial reporting, share values can move dramatically. However, corporations with good reports have more stable share prices and market value. Bangladeshi enterprises should enhance their financial reporting to boost earnings per share and attract investors.

Governance Elements Affecting Earnings Management Practices

Adhikary et al. (2021) examined how governance affects Bangladeshi companies' earnings. Strong governance, such as independent boards and adequate internal controls, prevents deceptive earnings practices and ensures accurate financial reporting.

The researchers believe effective governance reduces pressure to alter earnings, making a company's reported EPS more accurate. Their EPS figures are more reliable because companies with great governance use less creative accounting. Governance is crucial for honest financial reporting and stakeholder protection.

EPS Disclosures Across Different Sectors

Popa et al. (2022) examined how companies in different industries disclose and interpret earnings per share (EPS). EPS reporting and understanding vary by industry due to industry-specific norms and practices.

The study found that while standard accounting methods help compare companies, industry performance can make EPS difficult to understand. Investment-intensive sectors may have different EPS targets than technology-driven ones.

The authors stressed that comparing performance to accounting standards shows the necessity for industry-specific recommendations. It would improve EPS reports' accuracy and meaning.

AIS in Banking Systems

In 2021, Agbodjo et al. examined how AIS affects "Islamic, conventional and hybrid banks". They observed that banking stakeholders need clear and accurate financial information. According to the study, different banking models value different information. Islamic banks face Sharia law issues that might affect their financial reporting, particularly EPS. The study also found that Islamic banks must balance making money with doing the right thing, which influences how they present earnings per share and financial statistics.

State of Financial Disclosures

Alam (2007) highlighted how Bangladeshi corporations communicate financial information. The study examined how international accounting standards effect EPS reporting and company issues. Alam claims that financial information is typically poor because there are few laws and companies must know how to handle it.

The study found that investors distrust EPS calculations due to poor financial information. Many Bangladeshi enterprises utilise old-fashioned accounting methods. To guarantee firms are more open and obey international regulations, major adjustments are needed. Company EPS can improve with increased financial disclosure. People may think better of the companies and invest more.

Role of Voluntary Disclosures and Innovation

Karim et al. in 2022 explored how voluntary disclosures and banking innovations affect financial performance and EPS. Voluntary disclosures boost credibility and investor confidence, which boosts EPS, according to the study. Financial technologies and other banking advances improve reporting methods and stakeholder financial information, the authors argue. Voluntary disclosures help companies satisfy investor expectations and improve EPS and financial health.

Sensitivity of EPS in Merger Situations

Dasgupta et al. (2024) examined EPS sensitivity during mergers and stock market performance. Research shows that mergers can significantly affect EPS. This affects investor sentiment and stock prices. We observed that stock prices rise dramatically when EPS is better than predicted after a merger. If EPS is below expectations, stock prices fall. This study stressed the importance of EPS for measuring firm performance during major transformations. Stock market and investor reactions are also affected.

Corporate Governance Mechanisms and EPS

Islam et al. (2023) examined how corporate governance affects Bangladesh's banking sector's EPS and financial performance. The research found that robust governance, such as board supervision and rule compliance, directly impacts EPS report reliability. Good corporate governance can reduce earnings management, ensuring EPS represents actual financial success, according to the authors. Banks may boost EPS and market trust by fostering responsibility and openness.

Synthesis in Literature

The impact of accounting rules is huge. Research reveals that international accounting regulations, specifically IAS 33, strongly affect EPS reporting. These standards improve transparency and comparability, helping investors make informed decisions (Prewysz-Kwinto & Voss, 2021; IFRS IAS 33, 2024).

DER and ROE have been demonstrated to significantly impact EPS. Managing these ratios helps match firm performance with shareholder expectations (Rahmawati & Hadian, 2022; Sausan et al., 2020).

Creative accounting procedures affect EPS, according to the research. False EPS figures can result from financial reporting manipulation (Al-Natsheh & Al-Okdeh, 2020; Malenko et al., 2023).

Strong corporate governance reduces earnings management and ensures accurate reporting, improving EPS reliability (Islam et al., 2023). Effective governance boosts investor confidence and market stability.

Studies in Bangladesh indicate regulatory enforcement and accounting standard

awareness issues that prevent transparent EPS reporting (Alam, 2007; Rashid, 2020). Companies report EPS differently due to their financial and regulatory context.

3. RESEARCH QUESTIONS

Adherence to Accounting Standards and EPS Reporting:

- ✓ How does the rigorous application of “IAS 33” affect the precision and clarity of EPS reports for businesses operating within Bangladesh?
- ✓ What industry-specific directives could be formulated within the Bangladeshi context to improve alignment with international reporting standards, specifically IFRS, regarding the computation of EPS?

The Connection Between EPS & Financial Metrics:

- ✓ Considering the Bangladeshi business environment, which financial indicators, like, “Debt-to-Equity Ratio” and “RoE” exert the most substantial influence on EPS outcomes?
- ✓ What regulatory frameworks can be established to ensure effective management of financial disclosures, thereby minimizing the potential for manipulation through aggressive accounting techniques?

Corporate Governance on Reporting the EPS:

- ✓ How do elements of corporate governance, including internal control assessments and independent board composition, impact the reliability and promptness of EPS reporting in Bangladesh?
- ✓ What strategies can organizations employ to improve their communication with stakeholders regarding financial performance information related to EPS?

Advancements in Financial Reporting and EPS Transparency:

- ✓ How do practices such as voluntary disclosure and up-to-the-minute financial reporting contribute to increasing the transparency and trustworthiness of EPS figures among Bangladeshi companies?
- ✓ What impact do financial technology tools have on simplifying the process of financial reporting and performance assessment, mainly in relation to EPS?

Market Responses and Strategic EPS Optimization:

- ✓ How do responses from the stock market to published EPS figures shape the financial planning of Bangladeshi enterprises?
- ✓ How might data derived from market activity be used to adapt accounting and financial planning in order to maximize EPS?

Promoting Ethical EPS Practices:

- ✓ What actions can be implemented to deter unethical behaviors, such as the artificial inflation of results, that distort EPS values?
- ✓ How can environmentally sustainable financial practices be incorporated to improve EPS reporting while safeguarding transparency?

4. RESEARCH GAP

- ✓ **Lack of Sector-Specific Guidelines:** IAS 33 lacks sector-specific guidelines for EPS calculation, limiting companies' ability to implement tailored strategies.
- ✓ **Inadequate Integration of Financial Ratios:** Research needed to establish clear methodologies for integrating financial ratios into EPS optimization strategies.
- ✓ **Weak Governance Structures:** Bangladeshi companies need support for better corporate governance for accurate and timely EPS reporting.
- ✓ **Limited Exploration of Innovative Financial Practices:** Real-time reporting and FinTech solutions need exploration for transparency and streamlined reporting processes.
- ✓ **Limited Empirical Data on Market Performance:** Limited empirical data on how stock market responses influence corporate financial strategies hinders EPS optimization efforts.
- ✓ **Ethical Considerations in EPS Reporting:** Clear ethical standards needed for EPS reporting to encourage sustainable practices and enhance credibility.
- ✓ **Holistic Approach to EPS Optimization:** A holistic model integrating accounting standards, financial mechanisms, and corporate governance is needed.

5. OBJECTIVE OF THE STUDY

1. Design a model to optimize Earnings Per Share (EPS) for companies in Bangladesh
2. Ensure compliance with IAS 33 and develop sector-specific guidelines
3. Integrate financial ratios like "Debt-Equity Ratio (DER)" and "Return on Equity (ROE)" into EPS optimization
4. Strengthen corporate governance for transparent EPS reporting
5. Explore innovative financial practices and FinTech solutions
6. Establish a feedback mechanism to evaluate the stock market impact on EPS disclosures
7. Promote ethical EPS reporting and discourage manipulative accounting methods
8. Assess the influence of global accounting standards on local accounting practices and EPS outcomes

6. CONCEPTUAL FRAMEWORK

Strategical Model for Optimizing EPS in Bangladesh

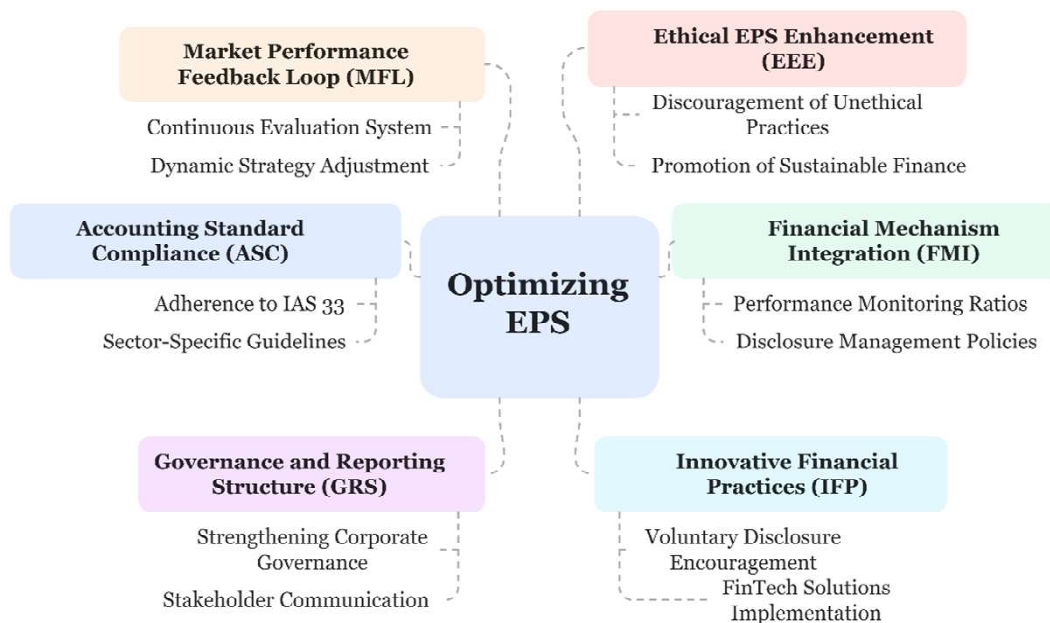


Fig 1: Strategical Model

EPS Optimization Formula

EPS is a continuous process that requires regular monitoring and adjustments. The model we propose features a formula that simplifies this task. This formula takes into account traditional financial performance metrics as well as modern governance practices, which help mitigate the risk of earnings manipulation.



Fig 2: EPS Optimization Formula

$$EPS\ Optimization = \frac{(Net\ Income - Creative\ Accounting\ Adjustments) + Positive\ Financial\ Mechanism\ Influences\ (ROE,\ DER)}{Weighted\ Average\ Shares\ Outstanding + FinTech-enhanced\ Governance\ and\ Reporting}$$

7. METHODOLOGY

This study used a case study method to evaluate the effectiveness of a proposed strategy model and EPS optimization formula in Bangladeshi companies. It examines the alignment of accounting standards, financial mechanisms and EPS performance within selected firms. The research analyzes both quantitative and qualitative data from company financial reports, stock market performance and governance scores to provide insights into the strategic model's impact.

Optimizing EPS in Bangladeshi Companies

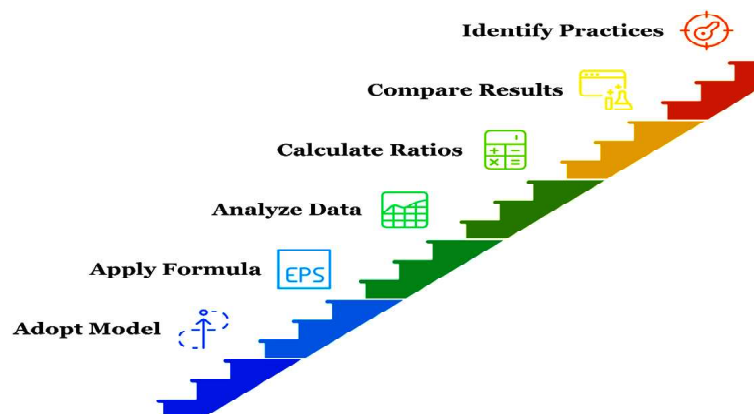


Fig 3: Research Design

The EPS Optimization Formula serves as a vital tool for performance analysis, utilizing metrics such as “Net Income, Debt-to-Equity Ratio (DER)”, and “Price-to-Earnings Ratio (PER)”. It evaluates the influence of governance practices and FinTech adoption on EPS transparency and performance through various financial ratios. Cross-case comparisons reveal best practices and key drivers for effectively optimizing EPS.

Data Analysis

Proposed Model for Strategy

Comparative Study

We aim to prove that the ‘Suggested Model for Strategy’ increases earnings per share (EPS) for companies in Bangladesh. We will analyze data from various companies to show how accounting standards, financial mechanisms, governance, and innovative practices influence EPS. Our goal is to apply the model to different companies and compare their financial results to highlight its effectiveness.

Data for Comparative Study

We’re examining three Bangladeshi companies: “Company X, Company Y, and Company Z”. Each company’s data includes the key variables needed to evaluate EPS under the suggested model.

Company	Net Income (BDT)	Creative Accounting Adjustments (BDT)	DER	ROE	PER	Shares Outstanding	Governance Score (1-5)	FinTech Practices (1-5)
Company X	60,000,000	2,500,000	1.2	13%	18	12,000,000	4	3
Company Y	45,000,000	4,000,000	0.9	10%	16	10,000,000	3	2
Company Z	80,000,000	3,000,000	1.5	15%	20	15,000,000	5	4

Applying the Proposed Model for Strategy

1. Accounting Standard Compliance (ASC)

IAS 33 (EPS) is consistently followed by all companies to promote transparency and comparability. Each organization tailors its reporting according to industry standards while

still aligning with global guidelines (IFRS). As a result, all firms provide clear reporting of EPS to present accurate financial analyses to their stakeholders.

2. Financial Mechanism Integration (FMI)

The “DER, ROE and PER” are important tools for calculating a company’s financial condition and performance.

Formulas:

$$\text{DER} = \frac{\text{Total Debt}}{\text{Total Equity}}$$

$$\text{ROE} = \frac{\text{Net Income}}{\text{Shareholder's Equity}}$$

$$\text{EPS} = \frac{(\text{Net Income} - \text{Creative Accounting Adjustments})}{\text{Shares Outstanding}}$$

For each company:

- **Company X:**

$$\text{EPS} = \frac{60,000,000 - 2,500,000}{12,000,000} = 4.79 \text{ BDT per share}$$

- **Company Y:**

$$\text{EPS} = \frac{45,000,000 - 4,000,000}{10,000,000} = 4.10 \text{ BDT per share}$$

- **Company Z:**

$$\text{EPS} = \frac{80,000,000 - 3,000,000}{15,000,000} = 5.13 \text{ BDT per share}$$

Result: Company Z has the highest earnings per share (EPS). This shows that effective financial strategies, with few adjustments and a high return on equity (ROE), lead to better EPS.

3. Governance and Reporting Structure (GRS)

Companies that have better governance scores and strong internal auditing practices usually provide more accurate and reliable earnings per share (EPS) data. Company Z has the best governance score of 5 and the highest EPS, showing how important good governance is.

4. Innovative Financial Practices (IFP)

Organizations that embrace FinTech practices, such as real-time reporting, are able to exhibit more efficient financial performance and provide more accurate disclosures. Company Z, which has achieved the highest FinTech adoption score of 4 that exemplifies the favorable influence of innovation on financial transparency and performance outcomes.

5. Market Performance Feedback Loop (MFL)

Stock market reactions to EPS disclosures help companies like Company X and Company Z adjust their strategies for better future performance. Company Z, with a high PER of 20, has a stronger market valuation and is directly influenced by its positive EPS performance.

6. Ethical EPS Enhancement (EEE)

Unethical manipulation (quadrophobia) is discouraged. Companies adhering to ethical standards, like Company Z, are showing higher EPS without manipulation, thus ensuring trust and long-term value creation.

Comparative Analysis of Results

Company	EPS (BDT)	Governance Score	FinTech Score	DER	ROE	PER	Market Feedback
Company X	4.79	4	3	1.2	13%	18	Moderate
Company Y	4.1	3	2	0.9	10%	16	Low
Company Z	5.13	5	4	1.5	15%	20	High

Key Insights from the Study

- ✓ Higher governance scores and FinTech adoption correlate with improved EPS performance, as demonstrated by Company Z.
- ✓ Companies with lower creative accounting adjustments achieve higher EPS, highlighting the importance of transparency.
- ✓ Financial mechanisms such as DER, ROE, and PER significantly impact EPS outcomes across all companies.
- ✓ Ethical practices enhance trust and market confidence, illustrated by Company Z's strong performance without EPS manipulation.

EPS Optimization Formula

The text outlines a plan to validate the EPS Optimization Formula through a comparative study by creating a hypothetical scenario using raw data from three companies in Bangladesh.

Raw Data for Comparative Study

Company A reported a net income of BDT 50,000,000 and made creative accounting adjustments amounting to BDT 5,000,000. Its return on equity (ROE) stands at 12%, with a debt-equity ratio (DER) of 1.5 and weighted average shares outstanding totaling 10,000,000. Additionally, Company A achieved a governance score of 4 out of 5 on a FinTech-enhanced scale.

In comparison, Company B posted a net income of BDT 30,000,000, along with creative accounting adjustments of BDT 3,000,000. Its ROE is 10%, and it has a DER of 0.8, with 5,000,000 weighted average shares outstanding. The governance score for Company B is 3 out of 5.

Company C recorded a net income of BDT 40,000,000 and made creative accounting adjustments of BDT 2,000,000. It boasts the highest ROE among the three companies at 15%, with a DER of 1.0 and 8,000,000 weighted average shares outstanding. Company C achieved a governance score of 5 out of 5.

Calculation Steps

Calculate EPS for each company using the formula.

Company A

$$EPS_A = \frac{(50,000,000 - 5,000,000) + (12\% + 1.5)}{(10,000,000 + 4)}$$

Simplifying:

$$EPS_A = \frac{(45,000,000) + (0.12 \cdot 50,000,000 + 1.5)}{(10,000,000 + 4)}$$

Assuming the influence of ROE and DER can be represented in monetary terms,

$$\begin{aligned} &= \frac{(45,000,000 + 6,000,000 + 1.5)}{10,000,004} \\ &= \frac{51,006,001.5}{10,000,004} \approx 5.10 \text{ BDT per share} \end{aligned}$$

Company B

$$EPS_B = \frac{(30,000,000 - 3,000,000) + (10\% + 0.8)}{(5,000,000 + 3)}$$

Simplifying:

$$= \frac{(27,000,000 + 3,000,000 + 0.8)}{5,000,003}$$

$$= \frac{30,003,000.8}{5,000,003} \approx 6.00 \text{ BDT per share}$$

Company C

$$EPS_C = \frac{(40,000,000 - 2,000,000) + (15\% + 1.0)}{(8,000,000 + 5)}$$

Simplifying:

$$= \frac{(38,000,000 + 5,000,000 + 1.0)}{8,000,005}$$

$$= \frac{43,005,001.0}{8,000,005} \approx 5.38 \text{ BDT per share}$$

Summary of Results

Company	EPS (BDT)	Net Income	Creative Adjustments	ROE (%)	DER	Shares Outstanding	Governance Score (1-5)
A	5.1	BDT. 50,000,000	5,000,000	12%	1.5	10,000,000	4
B	6	BDT. 30,000,000	3,000,000	10%	0.8	5,000,000	3
C	5.38	BDT. 40,000,000	2,000,000	15%	1	8,000,000	5

Analysis

- ✓ Company B has the highest EPS, indicating effective financial management despite a lower net income than Company A.

- ✓ Company A, while having a higher net income, needs greater transparency in financial reporting due to significant creative adjustments affecting EPS.
- ✓ Company C demonstrates that a higher ROE does not necessarily to the highest EPS if governance and transparency are lacking.

Managerial Implications

The study has underlined the importance of following IAS & IFRS& using effective financial methods to improve Earnings Per Share (EPS) in Bangladesh. Managers must comply with IAS 33 and local accounting regulations to ensure transparent reporting, which can build trust and attract investment. Monitoring key financial ratios like “ROE and DER” will deliver clearer insights into economic health and profitability. Implementing strong corporate governance practices will enhance accountability and accuracy in financial disclosures. FinTech solutions can also simplify reporting processes, resulting in more timely and reliable EPS calculations. Overall, these strategies can improve company valuation and investor confidence.

CONCLUSION

The study asserts that severe observance to accounting rules and the implementation of sound financial practices will empower companies in Bangladesh to significantly boost their earnings per share (EPS). By establishing a robust model that emphasizes these foundational principles alongside strong governance, companies can effectively navigate the complexities of the financial landscape. The recommended strategies are designed to enhance EPS and foster transparent financial reporting, ensuring that these companies excel in the market and achieve sustainable growth, thus solidifying their competitive edge both locally and globally.

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