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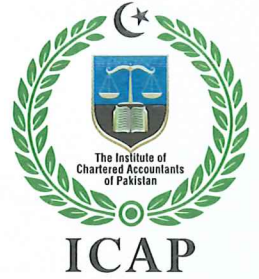
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Circular No. 01 / 2026

June 03, 2026

ALL MEMBERS OF THE INSTITUTE

Dear Member,

Accounting Technical Release 22
Calculation of book value per share (Revised 2026)

The Council of the Institute in its 415th meeting held on April 23-24, 2026, has approved the revised accounting technical release 22 - Calculation of book value per share based on recommendation of Accounting Standards Board of the Institute.

The technical release has been revised (as attached) to ensure that it is relevant and reflects current accounting requirements.

Members are advised to comply with the requirements of TR-22.

Yours truly

Muhammad Imran Khan
Director Technical Services

Encl: As above.

REGISTERED OFFICE

Chartered Accountants Avenue,
Block 8, Clifton, Karachi, 75600, Pakistan.



Accounting Technical Release 22

Calculation of book value per share

TR-22 (Revised 2026)

Accounting Standards Board
The Institute of Chartered Accountants of Pakistan

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Technical Release 22 *Calculation of book value per share*

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Technical Release 22

Calculation of book value per share

Objective

1. Companies compute and report the book value (also known as break-up value) of their ordinary shares either voluntarily or in compliance with the regulatory requirements or contractual terms. The method of computation of the book value of an ordinary share, however, is generally not prescribed under the applicable regulatory framework or the contractual terms. This leads to the varied practices and policies for computing the book value of ordinary shares.
2. The objective of this technical release (TR) is to establish standardized principles for the computation of book value of ordinary shares by companies.

Calculation of book value per ordinary share

Applicability of this technical release

3. The book value shall be calculated in accordance with this TR, where the method of computation of the book value of an ordinary share has not been prescribed by the statutory provisions or contractual terms applicable to an entity.

Where the method of computation of the book value of an ordinary share has been prescribed by statute or contractual terms, then the book value shall be determined in accordance with the applicable statute or contractual terms.

Computation of book value per ordinary share

4. The book value per ordinary share shall be calculated by dividing the equity attributable to ordinary shareholders (the numerator) by the number of ordinary shares in issue at the reporting date (the denominator).
5. Book value of an ordinary share in an entity represents the amount at which such share is valued on the basis of the carrying value of net assets as reported in the statement of financial position prepared in accordance with the financial reporting standards as applicable in Pakistan.

The Conceptual Framework for Financial Reporting (the Conceptual Framework) issued by International Accounting Standards Board (IASB), sets out the fundamental concepts for financial reporting that guide development of IFRS Accounting Standards. The Conceptual Framework provides that:

- (a) an asset is a present economic resource controlled by the entity as a result of past events.
- (b) a liability is a present obligation of the entity to transfer an economic resource as a result of past events.
- (c) equity is the residual interest in the assets of the entity after deducting all its liabilities.

Equity attributable to ordinary shareholders

6. For the purpose of calculating the book value per share, the equity attributable to ordinary shareholders are calculated as the sum of the individual components of equity attributable to ordinary shares as presented in 'Statement of Changes in Equity' of the entity prepared in accordance with relevant accounting framework applicable to that entity.

The equity attributable to ordinary shares excludes the components of equity not attributable to ordinary shares in accordance with the accounting framework applicable to the entity.

7. An entity may have more than one class of ordinary shares. In such a case, the book value per ordinary share of a class shall be calculated as the sum of the individual components of equity attributable to such class of ordinary shares.
8. Where the independent auditor has issued a qualified auditor's report on the financial statements of the entity, the statement of calculation of book value per share prepared by management shall disclose the existence of such qualification and make an appropriate reference to the auditor's report. The management shall also disclose impact of such qualification, if any, on book value per share in their statement of book value per share.
9. Where the qualified auditor's report on the financial statements of the entity does not quantify the qualification then this fact shall be mentioned by management in their statement of book value per share.

Number of ordinary shares in issue

10. The ordinary share as defined in IAS 33 - Earnings Per Share, is an equity instrument that is subordinate to all other classes of equity instruments.

Ordinary shares participate in profit for the period only after other types of shares such as preference shares have participated. An entity may have more than one class of ordinary shares. Ordinary shares of the same class have the same rights to receive dividends.

11. The number of ordinary shares in issue at the reporting date excludes any treasury shares held by the entity.

Effective date and transition

12. This revised TR 22 supersedes TR 22, *Book Value Per Share (Revised – 2002)*.
13. This TR is applicable to the financial statements for the reporting periods beginning on or after July 01, 2026.

(415th meeting of the Council - April 23-24, 2026)

Before the revision, the TR was as follows:

ACCOUNTING

TR-22 (Revised 2002)

BOOK VALUE PER SHARE

THE ISSUE

Different practices and policies are being used for computing book value (commonly known as break-up value in Pakistan) of shares. For instance in some cases all the assets including intangibles, deferred costs and fictitious assets are included in considering the book value without regard to their recoverability. In some other cases, intangibles are excluded from the shareholders' equity. Practices also vary regarding adjustment of contingent and other losses.

TECHNICAL COMMITTEE RECOMMENDATIONS

Book value per share in the equity capital of the company is the amount each share is worth on the basis of carrying value per balance sheet, prepared in accordance with a framework of recognized accounting standards. Such standards provide that:-

- (a) An asset is a resource controlled by the enterprise as a result of past events and from which future economic benefits are expected to flow to the enterprise.
- (b) A liability is a present obligation of the enterprise arising from past events, the settlement of which is expected to result in an outflow from the enterprise of resources embodying economic benefits.

Computation of Book Value Per Share

Book value per share is computed by dividing shareholders' equity with the number of shares issued. Shareholders' equity includes:-

- a) Paid up capital
- b) Revenue reserves and retained earnings, (less accumulated losses if any).
- c) Capital reserves

Where the auditors have issued a qualified report and the qualification has been quantified in monetary terms, that amount should be deducted from equity.

Where the qualification is not quantified then the members issuing a certificate regarding book value should mention this fact in the certificate.

- d) Surplus created as a result of revaluation of fixed assets.

If the balance sheet of an entity includes balance of surplus on revaluation, the book value per share should be computed separately both, including and excluding such surplus, to enable comparability with those entities where fixed assets have not been revalued.

The book value for any specific purposes in accordance with any statute would have to be computed per requirements or criteria laid down in that respect by the concerned regulatory agency or as set out in the relevant law.

(151st meeting of the Council – April 26-27, 2002)