

Central Bank of Trinidad and Tobago (Central Bank)

Responses to Industry Comments on the Draft Guideline on the Publication of Abridged Financial Statements (Guideline)

Guideline Reference	Industry Comment	Central Bank's Response
Entire Document	<p>Consideration can be given to the removal of the need for publication in the newspapers, and instead, simply place an ad in the newspaper stating the full financial statements and available on the company's website. To our knowledge, no developed country requires financial institutions and insurance companies to publish financial statements in the newspapers. This is harmful to the environment, a significant cost to the respective companies and their shareholders and customers.</p>	<p>The Guideline is intended to give effect to the current legislative requirements of the Financial Institutions Act, 2008 (as amended) (FIA) and the Insurance Act, 2018 (as amended) (IA) in respect of publishing abridged financial statements.</p> <p>We note the suggestion to remove the need for publication in the newspapers, and instead, simply place an advertisement in the newspaper stating the full financial statements and available on the company's website. Notwithstanding, this suggestion will be considered when the Central Bank makes recommendations for future amendments to these pieces of legislation.</p>
Entire Document	<p>As previously articulated, urgent consideration should be given to updating/ amending the Insurance Act to include the digital publication of Audited Financial Statements ("AFS") as an alternative option to only the publication within daily newspapers. We find this option not in keeping with technologies available and materially adverse to our environment. We are strained to find where in the developed world financial statements or even abridged financial statements are still being published within daily newspapers.</p>	<p>We note the comments and will reduce the requirements under section 5 of the Guideline.</p>
Entire Document	<p>The content of the proposed abridged version is very detailed and lengthy;</p> <p>-Currently the Group's consolidated ABFS which is published references the link to the Company's website so that persons can visit to get comprehensive details that would not have been</p>	<p>We note the comments and will reduce the requirements under section 5 of the Guideline.</p>

Central Bank of Trinidad and Tobago (Central Bank)

Responses to Industry Comments on the Draft Guideline on the Publication of Abridged Financial Statements (Guideline)

Guideline Reference	Industry Comment	Central Bank's Response
	included in the ABFS. This approach can be used in an effort to reduce the length of the publication.	
Entire Document	Please be advised that "our insurance company" welcomes the use of the abridged version of the financial accounts as specified in the Guideline on the Publication of Abridged Financial Statements document, as publication of the detailed financial statements has proven to be prohibitively expensive. Furthermore, if full financial accounts are desired, they can be viewed on the company's official website.	We note the comments.
Entire Document	We appreciate the Central Bank's initiative to assist Financial Institutions (FIs) in reducing the cost of publishing financial statements. We are however of the view that the disclosure requirements listed under section 5 for the draft Guideline should be removed and replaced with a disclosure indicating the accounting policies and notes to the financial statements can be viewed on the FIs website. If the requirements under section 5 are included in its current form, there will potentially be no reduction in the cost of publishing the abridged financial statements as the size of the publication will only be reduced by approximately 30%. These savings will be offset by the additional costs of preparing the abridged financial statements, coupled with the additional fees which will have to be paid to the auditors to opine on the abridged financial statements.	We note the comments and will reduce the requirements under section 5 of the Guideline.

Central Bank of Trinidad and Tobago (Central Bank)

Responses to Industry Comments on the Draft Guideline on the Publication of Abridged Financial Statements (Guideline)

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	<p>In our opinion, the requirement to publish the financial statements in the newspapers is of limited benefit to policyholders/depositors and other consumers, as the information is only in circulation on the day of the publication.</p> <p>We recommend that FIs be allowed to post a notice in the newspapers indicating the financial statements are now available and indicate that it can be accessed on the FI's website or alternatively at its offices.</p> <p>We note the approach of posting a notice in the newspapers is already accepted by the Trinidad and Tobago Securities and Exchange Commission.</p> <p>We appreciate the recommendation above may require an amendment to the Insurance and Financial Institution Acts and therefore in the interim we recommend that the Guideline be amended as noted above.</p>	
	<p>There should be consistency between the publication requirements of banking institutions and regulated holding companies.</p>	<p>There is consistency between the publication requirements of banking institutions and their regulated holding companies. Section 80 of the FIA requires every licensee and Financial Holding Company (FHC) to publish their Audited Financial Statements in a daily newspaper within three (3) months of their financial year ends. The abridged</p>

Central Bank of Trinidad and Tobago (Central Bank)

Responses to Industry Comments on the Draft Guideline on the Publication of Abridged Financial Statements (Guideline)

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		<p>financial statements (FS) will apply to both licensees and FHCs.</p> <p>Furthermore, there is consistency between the publication requirements of insurance companies and their regulated holding companies. Section 152 (1) of the IA require that every insurer and its financial holding company shall within sixty business days after the end of its financial year publish in at least two daily newspapers circulated in Trinidad and Tobago its financial statements.</p> <p>We note that the publishing requirements under Section 80 of the FIA and Section 152 (1) of the IA are not the same in respect of the number of daily newspapers that financial statements must be published. This difference will be considered when the Central Bank makes recommendations for future amendments to these pieces of legislation.</p>
Entire Document	<p>We recommend that only the following items be included in the publication of the Abridged Financial Statements:</p> <ul style="list-style-type: none"> -Independent Auditor's Opinion -Statement of Financial Position -Statement of Profit & Loss (Income Statement) 	<p>We note the comments and will reduce the requirements under section 5 of the Guideline.</p>

Central Bank of Trinidad and Tobago (Central Bank)

Responses to Industry Comments on the Draft Guideline on the Publication of Abridged Financial Statements (Guideline)

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	<ul style="list-style-type: none"> -Statement of Comprehensive Income -Statement of Changes in Equity -Statement of Cash Flow -Along with the following accompanying notes: <ul style="list-style-type: none"> i. General Information (full note from audited financial statements); ii. Basis of Preparation (full or abridged note); iii. Contingent Liabilities; iv. Related Party transactions and balances; and v. Subsequent Events. 	
Entire Document	<p>Having discussed with the team, we have no further comment on the captioned guideline.</p> <p>We presume the Bank has discussed and agreed the approach with ICATT.</p>	The Central Bank has consulted with the Institute of Chartered Accountants of Trinidad and Tobago (ICATT) on the contents of the Guideline and will continue to do so in order to finalise the Guideline.
Entire Document	No comment.	
Entire Document	No comment.	
Entire Document	<p>We have reviewed the proposal and our comments are as follows:</p> <p>1) We agree to the proposed content of the abridged financial statements to include the following statements as noted at point 4.4 of the circular letter.</p> <p style="padding-left: 40px;">4.4.1 Statement of Financial Position</p>	We note the comments and will reduce the requirements under section 5 of the Guideline.

Central Bank of Trinidad and Tobago (Central Bank)

Responses to Industry Comments on the Draft Guideline on the Publication of Abridged Financial Statements (Guideline)

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	<p>4.4.2 Statement of Profit or Loss 4.4.3 Statement of Comprehensive Income 4.4.4 Statement of Changes in Equity 4.4.5 Statement of Cash Flows And on a consolidated basis 4.4.6 Consolidated Statement of Financial Position 4.4.7 Consolidated Statement of Profit or Loss 4.4.8 Consolidated Statement of Comprehensive Income 4.4.9 Consolidated Statement of Changes in Equity 4.4.10 Consolidated Statement of Cash Flows</p> <p>2) The proposal for the format and content of the notes to the ABFS although reduced in comparison to the full audited statements (AFS), we believe that the level of disclosure to be included is very detailed and thereby very costly and onerous.</p> <p><u>Proposal for consideration</u></p> <p>We would like to put forward the proposal that the contents be similar to what is required to be published for regulated holding companies which will maintain consistency amongst other non-insurance and banking companies requiring publication and disclosure of its financial statements i.e., publication as follows:</p> <p>1) The primary financial statements as noted in point 1 above. 2) The basis of preparation notes and</p>	

Central Bank of Trinidad and Tobago (Central Bank)

Responses to Industry Comments on the Draft Guideline on the Publication of Abridged Financial Statements (Guideline)

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	3) As noted in point 6.1.2 of the circular letter, a reference note to the reader that full AFS can be viewed at each of its offices during normal business hours in accordance with section 152(2) of the IA and/or point 6.2 that a comment be included within the publication where the reader is referred to the company's website where a copy of the AFS should be placed for viewing.	
Entire Document	I will like to confirm that "our institution" reviewed the CBTT Circular letter and Draft Guideline re the Publication of Abridged Financial Statements. We currently stand in support of the publication of abridged financial statements and have no further comments to the draft guideline as presented by CBTT at this time. We have chosen to pursue the combined version and look forward to any future guidance in accomplishment of such.	We note the comments.
Entire Document	The word "material" has been used in more than one area of the Guideline. Please confirm whether the method of assessing materiality is based on the Company's materiality threshold and used during the said audit, or whether there is a different expectation.	The method of assessing materiality is based on the company's materiality threshold that would have been used during the audit by the External Auditors.
Section 1.2	The Management of "banking entity" will like to indicate that generally the guidelines seem reasonable and in line with best practice. However we will like to draw your attention and request further consideration be given for the publication of the abridged audited financials in two daily newspapers as stated in Sec 1.2 of	The comments are noted. The Guideline will be amended to ensure that the wording of bullet 1.2 reflects the requirements of section 80 (1) of the FIA and section 152 (1) of the IA

Central Bank of Trinidad and Tobago (Central Bank)

Responses to Industry Comments on the Draft Guideline on the Publication of Abridged Financial Statements (Guideline)

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	<p>the guidelines: “.....to publish their audited financial statements (on an individual and consolidated basis) in at least two daily newspapers....”</p> <p>We respectfully request that the current legislative requirements outlined in Section 80 (1) of the FIA be maintained: Section 80 (1) of the FIA states “....that every licensee and financial holding company shall within three months after the close of its financial year, published in a daily newspaper printed and circulated in Trinidad and Tobago be maintained....” . This requirement of publishing in two dailies only seek to double the company’s publication cost and as such consideration should be given to publication in one daily and on other social media platforms that the company usually utilize such as the company’s website, Facebook and Instagram.</p>	<p>as stipulated in footnotes 1 and 2 of the draft Guideline.</p>
Section 1.2	<p>We have noted one item of concern in the proposed guideline at section 1.2. As drafted, the guideline can be interpreted to create a more stringent obligation than the substantive legislation for financial institutions. Accordingly, in light of the provisions of Section 80(1) of the Financial Institutions Act, which require the publication of audited financial statements in a daily newspaper, we recommend the following: on line 4 of section 1.2, kindly delete “at least two” before “daily newspapers”, and insert “as stipulated by the FIA and IA” thereafter.</p>	

Central Bank of Trinidad and Tobago (Central Bank)

Responses to Industry Comments on the Draft Guideline on the Publication of Abridged Financial Statements (Guideline)

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Section 1.2	<p>We have noted an inconsistency between the requirements for the publication under the Financial Institutions Act (FIA) and the Insurance Act (IA). Specifically, Section 80(1) of the FIA states that " Every licensee and financial holding company shall within three months after the close of the financial year, publish in a daily newspaper printed and circulated in Trinidad and Tobago", whereas section 152 (1) of the IA states that "every insurer and financial holding company shall within sixty business days after the end of its financial year publish in at least two daily newspapers circulated in Trinidad and Tobago ...". As a result of this inconsistency, insurance companies are required to publish in 2 newspapers within 60 business days as opposed to 1 newspaper and three months for licensees under the FIA. We therefore recommend that the requirements of the IA be streamlined for insurance companies to match the requirements of the FIA, that is, publication in a daily newspaper within three months after the close of the financial year.</p>	
Section 1.2	<p>We further note the inconsistency within the FIA S80 (1) and IA S152 (1) as it relates to the required number of daily newspapers within which reports are to be published. We therefore recommend that in order to facilitate consistency between the two, the guidelines allow for the publication within at least 1 daily newspaper.</p>	

Central Bank of Trinidad and Tobago (Central Bank)

Responses to Industry Comments on the Draft Guideline on the Publication of Abridged Financial Statements (Guideline)

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Section 1.2	The requirement requires for the insurer and FHC to publish its AFS. Does this refer to a FHC outside of T&T and how would this apply if the FHC has a different reporting deadline than the insurer?	<p>“Financial holding company” means a company required to obtain a permit in accordance with sections 67(4) and 68(2) of the FIA or a company required to obtain a permit in accordance with section 51 of the IA.</p> <p>There is no distinction in the legislation as to whether or not a FHC is domiciled in Trinidad and Tobago.</p>
Section 1.5	<p>Section 1.5 states "Moreover, the regulated person must also make available, at their offices, and/or upon request, at no cost, the full set of audited financial statements for review by its policyholders or depositors and other consumers. "</p> <p>We object to the draft of this guideline which is not consistent with the requirements of the Insurance Act. Section 152 (2) states: <i>An insurer shall— (a) in addition to the audited financial statements referred to in subsection (1), keep at each of its offices, such other information for the protection of policyholders and other consumers as the Central Bank may specify from time to time; and (b) during normal business hours make copies of the information referred to in paragraph (a) available for inspection by its policyholders and other consumers upon request.</i></p>	<p>There is no inconsistency between section 1.5 of the guideline and section 152 (2) of the IA.</p> <p>To avoid any misunderstanding of section 1.5 of the Guideline the following amendment in red will be made:</p> <p>“Moreover, the regulated person must also make available, at their offices, and/or upon request, at no cost, the full set of audited financial statements for review by its policyholders or depositors and other consumers upon request.”</p>

Central Bank of Trinidad and Tobago (Central Bank)

Responses to Industry Comments on the Draft Guideline on the Publication of Abridged Financial Statements (Guideline)

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Section 1.6	The reference to "an Auditor's Report" can be misleading. Please specify whether this is expected to be an Internal Auditor or an Independent/External Auditor separate and apart from the auditor/Audit firm who would have conducted the audit of the AFS.	Section 1.6 of the Guideline references the External Auditor.
Sections 4.3 & 4.4	<p>Sections 4.3 & 4.4 states "Therefore, the ABFS to be published by a regulated person must include the following statements exactly reproduced from the AFS to be prepared on an individual basis as follows:"</p> <p>We object to this requirement as it defeats the intent of the Insurance Act permitting ABFS. The requirement to "exactly reproduce" significantly increases the publication. Approved summaries of these statements can be done whilst still offering a "true and fair" picture. We have examples of approved ABFS from leading audit firms which had summarised statements. Additionally, users requiring further details on any summarised statements can and will have access to the AFS details at the offices of the respective insurer.</p>	The requirement to include in the ABFS statements that are exactly reproduced from the AFS allows for greater consistency among the institutions within each industry and also enables the users to compare publications across an industry.
Section 4.4	Once the recommended publication is finalized will an illustrative ABFS be presented for guidance?	No. There is no need for an illustrative ABFS as section 4.4 of the Guideline requires statements exactly reproduced from the audited financial statements.

Central Bank of Trinidad and Tobago (Central Bank)

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Section 5.1	<p>Section 5.1 states "Regulated persons must disclose the following minimum information in the notes to the ABFS."</p> <p>We object to this requirement as it defeats the intent of the Insurance Act permitting ABFS. The mandatory requirement to publish at a minimum 12 Notes, will significantly increase the size of a publication. The exclusion of the 12 Notes in our opinion will not affect the ABFS not presenting a "true and fair" picture.</p> <p>We have examples of approved audited ABFS from leading audit firms which did not include that level of Notes. Additionally, any user requiring further details on the ABFS can and will have access to the AFS and all detailed Notes at the offices of the respective insurer.</p>	<p>The comments have been noted and the requirements under section 5 of the Guideline will be revised.</p>
Section 5.1 Significant Accounting Policies	<p>Significant accounting policies - this note in its full format accounts for a significant portion of the notes to the audited financial statements (for reference – "our" 2021 audited financial statements, this note represented 30 pages out of a total 93-page report). We recommend that this requirement be reduced to a summarized version of the accounting policies as allowed under International Accounting Standard No. 34 - Interim Financial Reporting - see example below: <i>The accounting policies adopted in the preparation of the abridged condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual</i></p>	<p>The comments have been noted and the requirements under section 5 of the Guideline will be reduced.</p>

Central Bank of Trinidad and Tobago (Central Bank)

Responses to Industry Comments on the Draft Guideline on the Publication of Abridged Financial Statements (Guideline)

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	<i>consolidated financial statements for the year ended September 30, 2021 , which can be found in pages x of x the Notes to the Group's full annual consolidated financial statements.</i>	
Section 5.1 Significant Accounting Policies	The requirement speaks to ".....those principles that materially affect the determination of financial position..." Is the basis of establishing the materiality the same as the basis which was used during the execution of the audit of the Financial Statement?"	The basis of establishing the materiality is the same as the basis which was used during the execution of the external audit of the Financial Statements. The primary statements that are required to be published in section 4.4 of the Guideline are those exactly reproduced from the Audited Financial Statements.
Section 5.1 Discontinued Operations	Does this ONLY pertain to locally operated Group entities, of which the reporting subsidiary is a part?	The required note on discontinued operations is intended to refer only to the parts of a regulated person's business that have been terminated and are no longer operational.
Section 5.1 Loss Contingencies	Is this specific to Life Insurance? If not further explanation is required.	The comments have been noted and this note is no longer required under section 5 of the Guideline.
Section 5.1 Events of default under credit agreements	Please elaborate on the expectations. Is this expected to cover investments and or Premium Financing Agreements? And is it expected that defaulting government related entities on Premium Financing/Credit Agreements must be publicly disclosed?	The comments have been noted and this note is no longer required under section 5 of the Guideline. will be revised.

Central Bank of Trinidad and Tobago (Central Bank)

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Section 5.1 Related Party Balances	Is this required in aggregated format or is it that each related party must be listed in the ABFS?	Related Party Balances are required in aggregate format.
Section 5.1	Please confirm that the notes for Expenses of Management is not required in the ABFS	The notes for Expenses of Management are not required in the ABFS.
Section 5.1	Please confirm that the Statement of Management Responsibility is not required in the ABFS	The Statement of Management Responsibility is not required in the ABFS.
Section 6.2	Section 6.2 states "In addition, regulated persons should publish a copy of their AFS on their websites." We object to the inclusion of this mandatory requirement which is not currently a requirement of the Insurance Act. Note as previously articulated we are of the opinion that the Insurance Act should be amended to allow as an alternative option the publication of AFS on an insurer's website rather than publication in daily newspapers.	It is not mandatory for the ABFS to be published on the websites but it is recommended that licensees and registrants do so within the timelines set out in the FIA and IA regarding publication of the audited financial statements.
Section 6.2 Other requirements regarding ABFS	Please confirm whether it is mandatory for the ABFS to be published on the websites and by what date? Is this expected to be done by the date of official publication, April 30th annually?	