



CENTRAL BANK OF  
TRINIDAD & TOBAGO

**GUIDELINE ON THE PUBLICATION OF ABRIDGED FINANCIAL STATEMENTS**

**June 13, 2022 (Draft)**

**TABLE OF CONTENTS**

## Contents

<b>1. INTRODUCTION .....</b>	<b>3</b>
<b>2. PURPOSE AND SCOPE OF THE GUIDELINE .....</b>	<b>4</b>
<b>3. KEY ABBREVIATIONS / TERMS .....</b>	<b>4</b>
<b>4. FORMAT AND CONTENT OF THE ABRIDGED FINANCIAL STATEMENTS .....</b>	<b>5</b>
<b>5. FORMAT AND CONTENT OF NOTES TO THE ABRIDGED FINANCIAL STATEMENTS .....</b>	<b>6</b>
<b>6. OTHER REQUIREMENTS REGARDING ABRIDGED FINANCIAL STATEMENTS</b>	<b>7</b>
<b>7. EFFECTIVE DATE.....</b>	<b>8</b>

## 1. INTRODUCTION

- 1.1 The Central Bank of Trinidad and Tobago (“Central Bank”/ “Bank”) is empowered by Sections 10 (1) (a) and (b) of the Financial Institutions Act, 2008 (“FIA”) and Sections 278 (1) (a) and (b) of the Insurance Act, 2018 (“IA”) to issue guidelines to give effect to the respective legislation and enable the Bank to meet its objectives.
- 1.2 Section 80 (1) of the FIA<sup>1</sup> and Section 152 (1) of the IA<sup>2</sup> require licensees under the FIA and insurers under the IA and their respective financial holding companies (collectively, “regulated person”) to publish their audited financial statements (on an individual and consolidated basis) in at least two daily newspapers and to exhibit their audited financial statements in a conspicuous place in each of their offices.
- 1.3 However, section 80 (1A) of the FIA and section 152 (3) of the IA permit the Central Bank to create abridged financial statements<sup>3</sup> for the purpose of publication by regulated persons and to consult with these persons for that purpose. The abridged financial statements must contain sufficient relevant information to present a true and fair picture of the regulated person’s financial condition and performance over the past year.
- 1.4 Further, Sections 2(1) of the FIA and 4(1) of the IA define “**abridged financial statements**” as “*a summary of financial statements, the format and contents of which are agreed to in writing between the Central Bank and the Institute of Chartered Accountants of Trinidad and Tobago (“ICATT”)”. Having reached an agreement with ICATT on the format and content of the abridged financial statements, the Central Bank will publish a Notice of same for registrants and licensees in the Gazette and at least two daily newspapers*<sup>4</sup>.
- 1.5 Where a regulated person elects to publish abridged financial statements, the overriding consideration is that the abridged financial statements are required to give a 'true and fair view' of the state of affairs of the regulated person. 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<sup>5</sup> and other consumers.

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<sup>1</sup> Section 80 (1) of the FIA provides that every licensee and financial holding company shall within three months after the close of its financial year, publish in a daily newspaper printed and circulated in Trinidad and Tobago and exhibit in a conspicuous place in each of its offices, the audited financial statements referred to in section 77 (1) or, in the case of a licensee that is a licensed foreign institution, the audited financial statements referred to in section 77 (5).

<sup>2</sup> Section 152 (1) of the IA provides that every insurer and financial holding company must exhibit in a conspicuous place in each of their offices and publish in at least two daily newspapers, within sixty business days after the end of its financial year, financial statements of all its operations in Trinidad and Tobago both domestic and foreign, prepared in accordance with financial reporting standards and duly audited in accordance with International Standards on Auditing, on an individual and consolidated basis.

<sup>3</sup> See section 3 of this Guideline for a definition of abridged financial statements as contained in Section 2(1) of the FIA and 4(1) of the IA.

<sup>4</sup> See section 152 (5) of the IA.

<sup>5</sup> Section 152(2)(a) of the IA and section 80(2)(a) of the FIA.

- 1.6 In this regard, the abridged financial statements to be published shall be **audited** in accordance with the International Auditing Standard (ISA) 810 (Revised) - *Engagements to Report on Summary Financial Statements*. ISA 810 deals with the auditor's responsibilities relating to an engagement to report on summary financial statements derived from financial statements audited in accordance with ISAs by that same auditor. These abridged financial statements must be accompanied by an Auditor's report on Summary Financial Statements.

## 2. PURPOSE AND SCOPE OF THE GUIDELINE

- 2.1 In accordance with statutory requirements in both the FIA and IA, the purpose of this Guideline on the Publication of Audited Financial Statements (“Guideline”) is to specify the format and contents of the abridged financial statements for the purpose of publication by regulated persons in the daily newspapers in accordance with section 80(1) and section 152(1) the FIA and IA respectively.
- 2.2 This Guideline **must** be read in conjunction with the requirements in the substantive laws (FIA and IA) regarding the publishing of audited financial statements and abridged financial statements.
- 2.3 This Guideline applies to regulated persons and is in respect of the financial statements on an individual and consolidated basis.

## 3. KEY ABBREVIATIONS/TERMS

- 3.1 All abbreviations and key terms used in this Guideline, except where otherwise defined, have the same meanings as obtain in the relevant legislation applicable to the regulated person.

- 3.2 For the purpose of this Guideline, the following applies:

<b>ABFS</b>	means abridged financial statements in the format and content specified by this Guideline
<b>AFS</b>	means audited financial statements required to be prepared on an individual and/or consolidated basis after each financial year end and submitted to the Inspector by regulated persons under the FIA and IA
<b>FIA</b>	means the Financial Institutions Act, 2008 (as amended)
<b>IA</b>	means the Insurance Act, 2018 (as amended)
<b>Regulated person</b>	means an insurer, a licensee and a financial holding company of an insurer or licensee.

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**4. FORMAT AND CONTENT OF THE ABRIDGED FINANCIAL STATEMENTS**

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- 4.1 The ABFS cover an annual reporting period<sup>6</sup> and present information at a reduced level from that contained in the full AFS. ABFS are intended to meet the information needs of those users who do not require all the information contained in AFS.
- 4.2 As such, ABFS generally contain less detail on the face of the statements and fewer notes than the full AFS. However, the information in ABFS should be drawn from and be consistent with the information in the full AFS for the period. The ABFS are therefore to be **derived** from the AFS and must contain the necessary information, so as not to be misleading in the circumstances.
- 4.3 Although ABFS do not comply with all the disclosure requirements under International Financial Reporting Standards (IFRS), information provided in ABFS is required to comply with all measurement and recognition requirements under International Financial Reporting Standards.
- 4.4 Therefore, the ABFS to be published by a regulated person must include the following statements exactly re-produced from the AFS to be prepared on an **individual basis** as follows:

- 4.4.1 *Statement of Financial Position;*
- 4.4.2 *Statement of Profit or Loss;*
- 4.4.3 *Statement of Comprehensive Income;*
- 4.4.4 *Statement of Changes in Equity; and*
- 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; and*
- 4.4.10 *Consolidated Statement of Cash Flows.*

*In lieu of items 4.4.1 to 4.4.10, a regulated person may publish:*

- 4.4.11 *Individual and Consolidated Statement of Financial Position;*
- 4.4.12 *Individual and Consolidated Statement of Profit or Loss;*

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<sup>6</sup> Exceptions may be made for reporting periods of less than a year or more than a year if the regulated person changes its year end.

4.4.13 *Individual and Consolidated Statement of Comprehensive Income;*

4.4.14 *Individual Statement of Changes in Equity; and*

4.4.15 *Individual and Consolidated Statement of Cash Flows.*

4.5 All ABFS must be accompanied by selected notes as specified in section 5 of this Guideline.

4.6 All ABFS must include an Independent Auditor's Report on the ABFS.

4.7 The ABFS and notes shall display prominently, the following information:

4.7.1 *The name of the regulated person;*

4.7.2 *Whether they represent individual or consolidated financial statements;*

4.7.3 *The reporting date or period covered; and*

4.7.4 *The currency and the level of rounding used.*

## 5. FORMAT AND CONTENT OF NOTES TO THE ABRIDGED FINANCIAL STATEMENTS

5.1 Regulated persons must disclose the following minimum information in the notes to the ABFS:

5.1.1 Information as to the basis of the presentation, the basis of consolidation for financial holding companies and the principles of valuation where the assets and liabilities are usually valued at face value, unless otherwise stated. As such, regulated persons must also disclose, where applicable, changes in accounting policies, changes in accounting estimates, changes in the valuation of the participating interests, translation in foreign currency and information about externally imposed capital requirements.

Specifically, notes to be included in the ABFS and their explanations/ descriptions are as follows:

- ***Basis of presentation*** - A note to the ABFS must be included to explain that although the AFS were prepared using IFRS, all of the notes necessary for a fair presentation in accordance with IFRS have not been included. The note also must state that the disclosures in the notes to the ABFS are limited to those matters that were considered material and necessary to present a true and fair view of the performance of the company.
- ***Significant Accounting policies*** - A description of all significant accounting policies used in the preparation of the ABFS, including a description of the accounting principles followed by the regulated person and the methods of applying those principles that materially affect the determination of financial position, cash flows or results of operations.
- ***Changes in Accounting Policy*** - The nature of, and justification for, the change in accounting principle and the effects of the change.

- **Restatements** - The nature and effect of a correction of an error in previously issued financial statements and the nature and reasons for a change in the regulated person, and effects of the change.
- **Reclassifications** - The nature and effects of reclassifications materially affecting amounts reported in previously issued financial statements.
- **Changes in accounting estimate** - The nature and effects of changes in accounting estimate.
- **Business combinations** - The nature of business combinations during the most recent fiscal year and quantitative disclosures of the effects of the business combinations.
- **Discontinued operations** - The nature of business operations that were discontinued during the most recent fiscal year, and quantitative disclosures of the effects of the discontinuation.
- **Loss contingencies** - The nature of the loss and the amount or range of reasonably possible additional loss, or management's view that such amount or range of loss cannot be estimated in circumstances where the entity is exposed to loss contingencies for which a loss exceeding the amount accrued in the financial statements is reasonably possible.
- **Events of default under credit agreements** - The facts and amounts concerning any default in principal, interest, or redemption provisions with respect to any material issue of securities or credit agreements.
- **Related party balances and transactions** - The nature of related party relationships, and a description of transactions, amounts and balances.
- **Subsequent events** – A description of all events occurring subsequent to the date of the most recent statement of financial position and/or statement of total comprehensive income for which disclosure was required to be made in the full financial statements.

## 6. OTHER REQUIREMENTS REGARDING ABRIDGED FINANCIAL STATEMENTS

6.1 The opening paragraph of the ABFS must include prominent statements:

6.1.1 identifying the ABFS as abridged financial statements; and

6.1.2 indicating that the full AFS of the regulated person can be accessed at each of its offices during normal business hours in accordance with section 80 (2) of the FIA and section 152 (2) of the IA.

6.2 In addition, regulated persons should publish a copy of their AFS on their websites.

- 6.3 The ABFS must contain financial data for the most recent financial year end of the regulated person as well as the previous financial year end.

## **7. EFFECTIVE DATE**

- 7.1 This Guideline comes into effect on the date of publication of a Notice in the Gazette and at least two daily newspapers.
- 7.2 Where a regulated person intends to publish ABFS, it must review this Guideline and institute appropriate measures to ensure compliance with the requirements contained herein for the publication of ABFS.