

SUMMARY FINANCIAL STATEMENTS

WHAT IS THE FORM AND CONTENT OF SUMMARY FINANCIAL STATEMENTS ?

Recommended by the Auditing and Accounting Standards
Committee of ICATT and approved by Council January 21, 2021.

Summary Financial Statements

Question : What is the form and content of Summary Financial Statements?

This paper applies when an entity presents summary financial statements instead of full audited annual financial statements to users who have public access to, or would otherwise have received, the entity's full audited annual financial statements. Summary financial statements are intended to meet the information needs of users who do not require all the information contained in full audited annual financial statements. Therefore, the summary financial statements presented by an entity are additional to the full audited annual financial statements presented by that entity.

A variety of terms are used to describe such statements, including "concise financial statements", "condensed financial statements" and "abridged accounts".

Source: International Standards on Auditing (ISA) 8 10 (Revised), Engagements to Report on Summary Financial Statements and guidance notes.

Background

Summary financial statements cover an annual reporting period or periods, are prepared for the users of general purpose financial statements, and present information at a reduced level from that contained in the full financial statements.

Summary financial statements are intended to meet the information needs of users who do not require all the information contained in full financial statements. Summary financial statements may be required by legislation or they may be voluntarily prepared by an entity. Summary financial statements generally contain less detail on the face of the statements and fewer notes than the full financial statements.

ISA 810 Section 9(a) states that summary financial statements are consistent, in all material respects, with the audited financial statements. As such, at a minimum there should be the primary statements. The information in summary financial statements should be drawn from and be consistent with the information in the full financial statements for the period.

Although summary financial statements do not comply with all the disclosure requirements under generally accepted accounting practice, information provided in summary financial statements is required to comply with all measurement and recognition requirements under generally accepted accounting practice.

Summary financial statements should include a summary of the financial statements included in a full financial report.

Summary financial statements shall include a summary of each financial statement included in a full financial report. Summary financial statements shall include a summary of the:

- (a) statement of financial position as at the end of the period;
- (b) statement of comprehensive income for the period;
- (c) statement of changes in equity (or statement of recognised income and expense) for the period; and
- (d) statement of cash flows for the period

Although this paper specifies the statements to be presented and the minimum information to be disclosed, it does not prescribe the format in which summary financial statements are to be presented.

The summary financial statements shall prominently display the following information:

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- a) statement that the specific disclosures included in the summary financial statements have been extracted from the full financial statements. This statement shall identify which, if any, of these full financial statements contain information that has been restated or reclassified;
- b) the date on which the full financial statements for the most recent period in the summary were authorised for issue and who gave that authorisation;
- c) whether the entity's full financial statements have been prepared in accordance with IFRS;
- d) whether the entity has made an explicit and unreserved statement of compliance with IFRSs in its full financial statements for each period presented in the summary;
- e) that the summary financial statements do not include all the disclosures provided in the full financial statements and cannot be expected to provide as complete an understanding as provided by the full financial statements;
- f) details as to how a user may obtain a copy of the full financial statements or full financial report; and
- g) whether the full financial statements for each period presented in the summary have been audited and, if so, the nature of the audit opinion and any explanatory paragraphs in the audit report which highlight matters that are regarded as relevant to a proper understanding of the basis of the opinion.

Disclosure of the nature of an entity and the financial reporting requirements that an entity has complied with in its full financial statements is important as the classification of an entity can affect

its accounting policies. Disclosure of the relationship of the summary financial statements to the full financial statements is necessary to compensate for the fact that summary financial statements do not provide complete information about the entity for the period covered. Where information in the full financial statements for a period included in the summary financial statements has been restated or reclassified in subsequent financial statements, an entity shall disclose this fact. The entity shall also provide a summary of the changes to that information or provide.

Accounting policies

An entity shall not describe summary financial statements as complying with IFRSs

Preparation

Summary financial statements are derived from financial statements audited in accordance with ISAs. The entity usually defines the criteria for extracting the summary in a basis of preparation note which includes commentary that the summary was extracted from the full IFRS financial statements.

The Summary Financial Statements should:

- a) Adequately disclose their summarized nature and identify the audited financial statements.
- b) Describe clearly:
 - i. From whom or where the audited financial statements are available. The audited financial statements should be available to the intended users of the summary financial statements without undue difficulty; or
 - ii. The law or regulation that specifies that the audited financial statements need not be made available to the intended users of the summary financial statements and establishes the criteria for the preparation of the summary financial statements
- c) Adequately disclose the applied criteria.
- d) Agree with or can be recalculated from the related information in the audited financial statements.
- e) Be prepared in accordance with the applied criteria.
- f) Contain the information necessary, and are at an appropriate level of aggregation, so as not to be misleading in the circumstances.

An entity shall clearly identify each summary financial statement and the notes. In addition, the following information shall be displayed prominently, and repeated when it is necessary for a proper understanding of the information presented:

- a) the name of the reporting entity or other means of identification, and any change in that information for the period(s) covered by the summary financial statements;
- b) whether the summary financial statements are for a group or an individual entity;
- c) the reporting date or the period covered by the summary financial statements, whichever is appropriate to that component of the summary financial statements;
- d) the presentation currency, as defined in IAS 21 The Effects of Changes in Foreign Exchange Rates; and
- e) the level of rounding used in presenting amounts in the summary financial statements.

Sufficient additional information shall be disclosed to ensure that all relevant matters are reported to the users of the summary financial statements. A summary description of each item, as included in the full financial statements, shall be given to enable its nature to be understood.

Examples of the additional information required to be disclosed may include information with regard to contingent assets, contingent liabilities, related party transactions, commitments, discontinued activities and the basis on which the full financial statements were prepared if a fundamental uncertainty exists. Any additional information given shall be disclosed in accordance with the financial reporting standard, if applicable, relating to the item.

The process of summarisation will inevitably mean that some information, especially narrative information, cannot be a duplicate of that expressed in the full financial statements or full financial reports. In such circumstances, such information shall, at a minimum, be consistent with that expressed in the full financial statements or annual report for the relevant period.

In respect of quarterly filings with the respective bodies, the following have been noted:

a) Securities Act, 2012 Assented to 24th December, 2012

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| <p>Extract of Act</p> <p>4. Interpretation “financial reporting standards” means IFRS or such other accounting standards that are declared to be financial reporting standards under subsection (9)</p> <p>“IFRS” means International Financial Reporting Standards issued by the International Accounting Standards Board and as adopted by ICATT</p> <p>“ICATT” means the Institute of Chartered Accountants of Trinidad and Tobago;</p> <p>66. (1) Every reporting issuer shall prepare and file with the Commission interim financial statements within sixty days of the end of the interim period to which they relate or within such other period as may be prescribed—</p> <p>(a) where the reporting issuer has not completed its first financial year, for the periods commencing with the beginning of that year and ending three, six and nine months respectively, after the beginning of that year, but no interim financial statement is required to be filed for a period that is less than three months; and</p> <p>(b) where the reporting issuer has completed its first financial year, for the periods commencing with the beginning of the current financial year and ending three, six and nine months respectively, after the beginning of that year, including a comparative statement to the end of each of the corresponding periods in the previous financial year, prepared in accordance with financial reporting standards and certified as prescribed for each interim period of each financial year beginning on, or after the coming into force of this Act.</p> | <p>Analysis</p> <p>The Act is clear that interim financial information, submitted under the Securities Industries Act, must be in compliance with IFRS.</p> |
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b) Trinidad and Tobago Stock Exchange (“TTSE”) – Listed Companies Disclosure Regime
(Adopted 28 April 2010)

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| <p>Extract of Regime Rule – 600 Quarterly Financial Statements</p> <p>(1) Every listed company shall submit to the Trinidad and Tobago Stock Exchange (TTSE) two (2) hard copies and one (1) electronic copy of their Quarterly Financial statements for the first three (3) quarters of the financial year within forty -five (45) days of the end of the period to which the statements relate.</p> <p>(2) The financial statements shall be prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretations Committee of the IASB and recommendations by the Institute of Chartered Accountants of Trinidad and Tobago (ICATT).</p> <p>In respect of annual reporting Rule - 601 Audited Annual Financial Statements (1) Every listed company shall submit to the Stock Exchange one (1) hard copy and (1) electronic copy of the Audited Annual Financial Statements not later than ninety (90) days after the company's financial year-end. (2) The financial statements shall be prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretations Committee of the IASB and recommendations by the Institute of Chartered Accountants of Trinidad and Tobago (ICATT)</p> | <p>Analysis</p> <p>Interim financial information prepared in accordance with a financial reporting standard, is a requirement for companies trading on the TTSE. The Act does require annual financial reporting in accordance with IFRS.</p> |
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C) Insurance Act Chapter 84:01 and Insurance Act, 2018 Assented to 4th June, 2018

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| <p><u>Extract of Insurance Act Chapter 84:01</u> 61A. Every insurer shall submit to the Central Bank quarterly returns in a form as specified by the Interim financial information prepared in Central Bank, within twenty working days after the end of each quarter.</p> <p><u>Extract of Insurance Act, 2018</u> 145(3) Every insurer and financial holding company shall submit to the Inspector quarterly returns in a form as specified by the Inspector within twenty business days after the end of each quarter.</p> <p>Based on Central Bank website, the following are the required quarterly filings:</p> <ul style="list-style-type: none">• CB20 - The Balance Sheet and Schedules• CB40 - The income statement and Schedules• CB201 - Investment Exposure• CB202 Liability Exposure• Statutory Deposit Requirement• Statutory Fund - Requirement in Respect of Long Term Insurance Business• Statutory Fund Motor - Requirement in Respect of Motor Vehicle Insurance Business <p><u>In respect of annual reporting Extract of Insurance Act, 2018</u> "financial reporting standards" mean the International Financial Reporting Standards (IFRS) or such other accounting standards as may be prescribed in this Act and Regulations thereto or specified by the Central Bank "ICATT" means the Institute of Chartered Accountants of Trinidad and Tobago; "IFRS" means International Financial Reporting Standards issued by the International Accounting Standards Board and as adopted by ICATT</p> <p>136. (1) Every agency and brokerage shall submit to the Inspector within sixty business days after the end of its financial year, and at such other times as may be required by the Inspector, financial statements prepared in accordance with financial reporting standards and duly audited in accordance with International Standards on Auditing.</p> | <p>Analysis Interim financial information prepared in accordance with a financial reporting standard, is not a required filing under the Insurance Act. The Act does require annual financial reporting in accordance with IFRS.</p> <p>The new Act creates provisions for companies to publish summary financial statements instead of its financial statements in accordance with section 153.</p> |
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152. (1) 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 and exhibit in a conspicuous place in each of its offices, the audited financial statements referred to in section 144(1).

(2) 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.

(3) The Central Bank may consult with insurers to create abridged financial statements for the purpose of publication.

(4) Where the Central Bank and ICATT have agreed to abridged financial statements under subsection (3), the Central Bank shall publish a notice in the Gazette and in at least two daily newspapers circulated in Trinidad and Tobago.

(5) Following a publication under subsection (4), every insurer and financial holding company may publish abridged financial statements instead of its financial statements in accordance with the requirement under subsection (1).

D) Financial Institutions Act Chapter 79:09

| Extract of Act | Analysis |
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| <p>75. (1) Every licensee and financial holding company shall deliver to the Central Bank within such period as may be specified by the Central Bank, and in such form as the Central Bank may from time to time approve, returns containing statements of —</p> <ul style="list-style-type: none"> (a) its assets and liabilities; (b) its loans and advances; (c) its earnings and expenses; and (d) any other financial data that the Central Bank may require. <p>Based on Central Bank website, the following are the required quarterly filings: QSR - Quarterly Shareholdings Report CB 30 - Quarterly return CB30/11 — Size Distribution of Deposits CB30/12 ~ Size Distribution of Foreign Currency Deposits CB30A — Real Estate Mortgages Report CB40 — Reporting form CB40T — Quarterly Return Tobago CB105 Credit Exposures Reporting Form CB100A & CB100B — Consolidated Reporting Forms</p> <p><u>In respect of annual reporting :</u> <u>Extract of Act</u></p> <p>77. (1) Every licensee and financial holding company shall within three months after the close of its financial year, submit to the Inspector financial statements of all its operations both domestic and foreign as the case may be, prepared in accordance with international accounting standards and duly audited by a certified auditor, on an individual basis and on a consolidated basis, as determined by the Central Bank in accordance with section 75(2).</p> | <p>Interim financial information prepared in accordance with a financial reporting standard, is not a required filing under the Financial Institutions Act. The Act does require annual financial reporting in accordance with IFRS.</p> |