

Useful Sections in an Annual Report

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Canadian Publicly-Traded Companies

Please note the information in the Canadian publicly-traded companies section of this guide is adapted from two sources:

- Ontario Securities Commission's [Researching your investments: A guide for investors](#), 2016
- British Columbia Securities Commission's [Annual Reports and AIFs](#), 2016

Canadian publicly-traded companies submit a variety of filings, which are called disclosure documents. Some key filings to be aware of are:

- The Annual Information Form – submitted annually
- Financial Statements – submitted quarterly and annually
- Management's Discussion and Analysis – submitted quarterly and annually

Many Canadian publicly-traded companies will compile the information from all three of the above filing types to create an annual report for shareholders. An annual report will sometimes include other materials such as letters or statements written by key executives.

(Adapted from the Ontario Securities Commission's [Researching your investments: A guide for investors](#), 2016)

Annual Information Form

This filing contains useful information about a company, such as:

- A listing of the directors and officers for the company
- A description of the products and/or services the company offers
- A description of the capital and corporate structure of the company
- A discussion of the risk factors for the business, as well as any legal proceedings facing the company

(Adapted from the British Columbia Securities Commission's [Annual Reports and AIFs](#), 2016 and Ontario Securities Commission's [Researching your investments: A guide for investors](#), 2016)

Financial Statements

This filing contains information that will help you assess the financial performance of a company and includes the following financial reports:

- Income statement
- Cash flow statement
- Balance sheet
- Statement of retained earnings

- Notes
 - It is important to read the notes, as it explains the accounting methods being used and the assumptions being made for important financial events.
- Audit report from the company's auditor (only for the annual financial statements)

(Adapted from the Ontario Securities Commission's [Researching your investments: A guide for investors](#), 2016)

Management's Discussion and Analysis

This filing type includes management's explanation of events that affected the company's performance during the year and/or quarter, while also discussing management's expectations of the company's performance for the upcoming year. You should be able to find information about the following areas:

- The company's short-term and long-term business strategy
- A discussion of issues that may affect the company's proposed strategy and success
- A discussion about the company's ability to deliver results, as well as future risks
- A discussion about the company's current performance

(Adapted from the Ontario Securities Commission's [Researching your investments: A guide for investors](#), 2016)

American Publicly-Traded Companies

Please note the information in the American publicly-traded companies section is adapted from the U.S. Securities and Exchange Commission's [How to Read a 10-K](#), July 2011.

American publicly-traded companies must also submit a variety of filings. The annual report, called the Form 10-K, provides a detailed overview of the company's performance and business operations for the reporting year.

While U.S. public companies send an annual report to their shareholders, this report may not always be the Form 10-K. Many companies will produce a colourful, glossy annual report that does not include all of the sections on the Form 10-K. Therefore, it is worthwhile to download the Form 10-K to get access to all of the sections.

The following sections will describe some useful sections of the Form 10-K.

(Adapted from the U.S. Securities and Exchange Commission's [How to Read a 10-K](#), July 2011)

Item 1 – Business

This section provides useful information that will help you better understand the operations of a company and discusses topics such as:

- The business the company operates in
- The company's main products and/or services
- The subsidiaries the company owns
- Recent events and issues that affect the performance of the company such as competitors or market regulations

(Adapted from the U.S. Securities and Exchange Commission's [How to Read a 10-K](#), July 2011)

Item 1A – Risk Factors

This section discusses the risks that will affect the company or its securities. Typically the risks will be listed in order of importance; however, the company does not list in this section how it handles these risks.

(Adapted from the U.S. Securities and Exchange Commission's [How to Read a 10-K](#), July 2011)

Item 7 – Management's Discussion and Analysis of Financial Condition and Results of Operations

This section provides the company's perspective on the company's results for the past financial year and allows management to provide information on a variety of topics such as:

- Management's perspective on the company's financial results and operations
- Information on any issues that could affect the company's performance
- How management is addressing key business risks the company is facing
- Any material changes in the company's performance and financial results compared to the previous period
- Changes in accounting judgements and assumptions

(Adapted from the U.S. Securities and Exchange Commission's [How to Read a 10-K](#), July 2011)

Item 8 – Financial Statements and Supplementary Data

This section provides the company's financial statements and accompanying notes that explain accounting practices of the company:

- Income statement
- Balance sheet
- Statement of cash flows
- Statement of stockholders' equity
- Notes on the financial statements
 - Provide more detailed information on accounting assumptions
- The auditor's report
 - An independent auditor reviews the company's financial statements

(Adapted from the U.S. Securities and Exchange Commission's [How to Read a 10-K](#), July 2011)

Item 10 – Directors, Executive Officers and Corporate Governance

This section provides information on:

- The company's directors and executive officers and their experience and qualifications
- The company's code of ethics

(Adapted from the U.S. Securities and Exchange Commission's [How to Read a 10-K](#), July 2011)