IFRS

IFRS APPLICATION AROUND THE WORLD

JURISDICTIONAL PROFILE: **Ecuador**

Disclaimer: The information in this Profile is for general guidance only and may change from time to time. You should not act on the information in this Profile, and you should obtain specific professional advice to help you in making any decisions or in taking any action. If you believe that the information has changed or is incorrect, please contact us at ifrsapplication@ifrs.org.

This Profile has been prepared by the IFRS Foundation based on information from various sources. The starting point was the answers provided by standard-setting and other relevant bodies in response to a survey that the Foundation conducted on the application of IFRSs around the world between August and December 2012. The Foundation drafted the profile and invited the respondents to the survey and others (including regulators and international audit firms) to review the drafts, and their comments are reflected.

Profile last updated	5 June 2013
PARTICIPANT IN THE IFRS FOUNDATION SURVEY ON APPLICATION OF IFRSs	
Organisation	Superintendencia de Compañías del Ecuador [Companies' Supervisory Authority of Ecuador]
Role of the organisation	The Companies' Supervisory Authority is the institution that controls, oversees, and promotes the securities markets and business sector by providing the appropriate regulatory framework and services. As such it contributes to the confidence in, and transparency of, business activities in Ecuador.
Website	www.supercias.gob.ec
Email contact	gfalcon@supercias.gob.ec
COMMITMENT TO GLOBAL FINANCIAL REPORTING STANDARDS	
Has the jurisdiction made a public commitment in support of moving towards a single set of high quality global accounting standards?	Yes.
Has the jurisdiction made a public commitment towards IFRSs as that single set of high quality global accounting standards?	Yes.
What is the jurisdiction's status of adoption?	Ecuador has already adopted IFRSs for all or some companies. IFRS are mandatory for listed companies other than financial institutions and for other companies under control/supervision of the Companies Supervisory Authority. Banks, insurance companies, and other financial institutions that are under the control/supervision of the Superintendency of Banks and Insurance Companies must use standards issued by that regulator.

Additional comments provided on the adoption status?	For companies other than banks, insurance companies, and other financial institutions, Ecuador adopted IFRSs in a phased approach as outlined in Resolution No. 2008.11.20 08.G.DSC.010 issued by the Superintendent of Companies and published in *Official Gazette* No. 498 of 31 December 2008, as follows: • Since 1 January 2010, all companies subject to the requirements of the Securities Act and all other companies required by law to have an external audit have been required to use IFRSs. • Since 1 January 2011, all companies with assets greater than US$ 4,000,000 at 31 December 2007; holding companies and consolidated groups; state-owned entities; and foreign-invested entities have been required to use IFRSs. • Since 1 January 2012, all other companies have been required to use IFRSs, except that companies that meet the following conditions may use the IFRS for SMEs: - Total annual sales revenue less than US$ 5,000,000; and - Total assets less than US$ 4,000,000.00; and - Total number of employees less than 200 (annual weighted average).
If the jurisdiction has NOT made a public statement supporting the move towards a single set of accounting standards and/or towards IFRSs as that set of standards, explain the jurisdiction's general position towards the adoption of IFRSs in your jurisdiction.	Not applicable.

EXTENT OF IFRS APPLICATION

For DOMESTIC companies whose debt or equity securities trade in a public market in the jurisdiction:

Are all or some domestic companies whose securities trade in a public market either required or permitted to use IFRSs in their consolidated financial statements?	Yes, all domestic companies whose securities trade in a public market other than financial institutions are required to use IFRSs.
If YES, are IFRSs REQUIRED or PERMITTED?	Required.
Does that apply to ALL domestic companies whose securities trade in a public market, or only SOME? If some, which ones?	All.
Are IFRSs also required or permitted for more than the consolidated financial statements of companies whose securities trade in a public market?	Yes.
For instance, are IFRSs required or permitted in separate company financial statements of companies whose securities trade in a public market?	Required.

For instance, are IFRSs required or permitted for companies whose securities do not trade in a public market?	Required for the following classes of companies whose securities do not trade in a public market: • Companies required by law to have an external audit must use IFRSs. • Companies with assets greater than US$ 4,000,000 at 31 December 2007; holding companies and consolidated groups; state-owned entities; and foreign-invested entities. Permitted for other companies. Some companies may choose the [IFRS for SMEs]().
If the jurisdiction currently does NOT require or permit the use of IFRSs for domestic companies whose securities trade in a public market, are there any plans to permit or require IFRSs for such companies in the future?	Not applicable.
For FOREIGN companies whose debt or equity securities trade in a public market in the jurisdiction:	
Are all or some foreign companies whose securities trade in a public market either REQUIRED or PERMITTED to use IFRSs in their consolidated financial statements?	Yes.
If YES, are IFRSs REQUIRED or PERMITTED in such cases?	Required.
Does that apply to ALL foreign companies whose securities trade in a public market, or only SOME? If some, which ones?	All.

IFRS ENDORSEMENT

Which IFRSs are required or permitted for domestic companies?	IFRSs as issued by the IASB, ie standards and amendments are adopted/endorsed as and when issued by the IASB.
The auditor's report and/or the basis of presentation footnotes states that financial statements have been prepared in conformity with:	IFRSs.
Does the auditor's report and/or the basis of preparation footnote allow for 'dual reporting' (conformity with both IFRSs and the jurisdiction's GAAP)?	No.
Are IFRSs incorporated into law or regulations?	Yes.
If yes, how does that process work?	IFRSs were adopted by Resolution No. 2008.11.20 08.G.DSC.010 issued by the Superintendent of Companies.
If no, how do IFRSs become a requirement in the jurisdiction?	Not applicable.
Does the jurisdiction have a formal process for the 'endorsement' or 'adoption' of new or amended IFRSs (including Interpretations) in place	No.
If yes, what is the process?	Not applicable.

If no, how do new or amended IFRSs become a requirement in the jurisdiction?	New and amended IFRSs become requirements automatically under Resolution No. 2008.11.20 08.G.DSC.010 issued by the Superintendent of Companies.
Has the jurisdiction eliminated any accounting policy options permitted by IFRSs and/or made any modifications to any IFRSs?	No.
If yes, what are the changes?	Not applicable.
Other comments regarding the use of IFRSs in the jurisdiction?	None.
TRANSLATION OF IFRSs	
Are IFRSs translated into the local language?	The IFRS Foundation develops and publishes a Spanish translation of IFRSs.
If they are translated, what is the translation process? In particular, does this process ensure an ongoing translation of the latest updates to IFRSs?	The translation follows the official IFRS Foundation translation process.
APPLICATION OF THE IFRS FOR SMEs	
Has the jurisdiction adopted the IFRSs for SMEs for at least some SMEs?	Yes. Ecuador has adopted the IFRS for SMEs effective in 2012.
If no, is the adoption of the IFRS for SMEs under consideration?	Not applicable.
Did the jurisdiction make any modifications to the IFRS for SMEs?	No.
If the jurisdiction has made any modifications, what are those modifications?	Not applicable.
Which SMEs use the IFRS for SMEs in the jurisdiction, and are they required or permitted to do so?	The Superintendent of Companies permits the use of the IFRS for SMEs by all companies that are not registered under the Securities Act and that meet the following conditions: • Total annual sales revenue less than US$ 5,000,000; and • Total assets less than US$ 4,000,000.00; and • Total number of employees less than 200 (annual weighted average).
For those SMEs that are not required to use the IFRS for SMEs, what other accounting framework do they use?	Full IFRSs.
Other comments regarding use of the IFRS for SMEs?	None.