



Ecuador

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Official Language:	Spanish
Monetary Unit:	Sucre
Stock Exchanges:	Quito Stock Exchange Guayaquil Stock Exchange
Regulatory Authority:	Executive government branch, through the different ministries

Forms of Business Enterprise

Compania anonima or Sociedad anonima -- corporation
Compania limitada (S.R.L.) -- company, excluded from banking, insurance, and savings
Sociedad colectiva -- general partnership
Sociedad en comandita por acciones -- limited partnership with shares
Sociedad de riesgo -- joint venture
Sucursal -- branch of foreign company
Compania de economia mixta -- mixed economy company
Proprietario -- sole proprietorship

Disclosure Practices and Requirements

Corporations and mixed economy companies are required to have statutory auditors, or comisarios, appointed by stockholders. They may not be employees of the corporations, although the law specifies few other restrictions. The required statutory audit is different from an external audit.

Audited Statements

Larger business entities regulated by the Superintendency of Companies -- such as those with assets of more than 50,000 minimum salaries and mixed economy companies with more than 5,000 minimum salaries -- are required to present externally-audited financial statements.

Basic financial statements, according to the Ecuadorean accounting profession, should include balance sheet, income statement, state of retained earnings and statement of cash flows or of changes in financial position. Figures on earnings per share are not generally shown.

Consolidated Statements

Consolidated financial statements of parent and subsidiary companies are neither required nor common; however, consolidated financial statements are required for banks and other financial institutions, insurers.

Additional Information

The stock exchanges in Ecuador are both privately held and organized for profit. Listings on the exchange are voluntary; in order for securities to be listed, a company must file an application with the exchange, obtain a favorable report from the responsible superintendent, and provide audited financial statements. Transactions are not necessarily channeled through the exchanges.

Under the Company Law, statutory auditors of small companies do not need to be accountants, although their duties require solid accounting backgrounds. Ecuadorean accounting principles mostly follow U.S. "generally accepted accounting principles."