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# Colombia

## Accounting

FUNDS AND FUND MANAGEMENT 2009

### 1.1 Requirement to produce financial statements

#### Requirement to maintain the books and records in the local jurisdiction

All accounting records of Colombian regulated funds must be maintained and updated in the country. The financial statements are prepared by administrators such as trust companies, brokers, and other special administrators for pension funds. Financial statements must be prepared in some specific cases the frequency of which could be semi-annual or quarterly.

The operations of the funds must be registered in books of account and be independent of those of the administrator company. The fund operation is registered as memoranda accounts in the administrator books.

Documentations, registers, and books must be maintained for specific periods.

#### Production of financial statements

Colombian regulated funds administrated by fiduciary companies (by companies that administrate pension funds) are required to produce annual financial statements under the Financial Superintendence Regulations establish in the Circular External 100 of 1995. (Chapter IX)

Investment funds administrated by stock exchange commission agents are required to produce annual financial statements under the General Accepted Accounting Principles (GAAP) in Colombia establish in Decretory 2649 of 1993.

Administrators are responsible for the preparation of the funds' financial statements.

#### Requirement for comparatives

Comparatives are required for all financial statements.

### Accounting publications specific to the funds industry (as issued by accounting bodies or the regulators)

There are no accounting publications specific to the funds industry issued by the accounting bodies in Colombia.

### 1.2 Requirement to audit financial statements

The annual financial statements of investment funds regulated by Financial Superintendence Regulations do not require annual audits. In some specific cases the contracts have a clause that requires audited financial statements.

### 1.3 Publication of financial statements

Funds are not required to file their annual financial statements.

### 1.4 Accounting standards

In Colombia both the special accounting rules and the chart of accounting for the investments funds and for the pension funds, that are administrated by the fiduciary companies, by companies that administrate the pension funds, or by stock exchange commission agents are issued by the Financial Superintendent. When this regulation does not have a specific topic the administrators must follow the Colombian Generally Accepted Accounting Principles (GAAP).

One important event at the end of 2005 was the merger between the Superintendent of Securities and Financial Superintendence. Before that event, special accounting rules and the chart of accounting for the investments funds administrated by stock exchange commission agents were established by the Superintendent of Securities.

In Colombia since year 2003 applies a common regime for investments funds and for the pension funds with the purpose of having only one frame regulation over the accounting practices as well as for the portfolio valuations. The intention of this regulation is that both operations follow the international standards and allow that the financial statements reflect in a better way the valuation of the different titles (securities) transacted in the market.

### 1.5 Contents of financial statements

Contents of financial statements funds investments administrated by fiduciary companies and by companies that administrate pension funds must follow the Financial Superintendence Regulations establish in the Circular External 100 of 1995 (Chapter IX). Investment funds administrated by stock exchange commission agents must follow GAAP in Colombia establish in Decretory 2649 of 1993.

Requirements for inclusion in annual financial statements are listed below.

	Required by Financial Superintendent
Statement of accounting policies	Yes
Statement of detail portfolio	Yes
Statement of portfolio changes	Yes
Listing of assets	Yes
Summary listing of assets	Yes
Related party transactions	Yes
Details on policies to manage the risks of financial instruments used	Yes

## 1.6 Accounting treatments and disclosures

Regarding the investments, one of the most significant aspects is the adoption of the definition of value or fair price of exchange, understood as the one by which a buyer and a seller, sufficiently informed, are willing to settle one value or title.

The valuation of the investments has as main purpose the calculation, the account register, and the revelation to the market of the value or fair price of exchange at which certain value or title could be negotiated in a certain date, bearing in mind its particular characteristics and in accordance with the conditions prevailing in the market for that date.

The investments funds may acquire negotiable investments and in some exceptional cases, held to maturity investments.

The valuation of negotiable investments and accounting registers, are recognized daily in the results of the fund, some kinds of funds are allowed to make the recognition of the account value quarterly.

Those investments that are going to be kept until their maturity are valued in an exponential way from the internal return rate calculated at the moment of the acquisition. The actualization of the present value will be registered as a greater value of the investment and its corrective entry affects the results of the period. The receivable proceedings are booked as a greater value of the investment

Specific disclosures are required following the Financial Superintendence Regulations establish in the Circular External 100 of 1995. (Chapter IX) for funds administrate by fiduciary companies, by companies that administrate pension funds and GAAP in Colombia establish in Decretory 2649 of 1993 for investment funds administrated by stock exchange commission agents.

## Appendix 1

### Reference Material

The following details relevant laws and regulations for investment funds and provides web addresses (in certain instances) for where this material can be located:

### Regulator

Financial Superintendence of Colombia: [www.superfinanciera.gov.co](http://www.superfinanciera.gov.co)

#### *Other useful sites:*

Stock Exchange in Colombia: [www.bvc.com.co](http://www.bvc.com.co)

Central Bank: [www.banrep.gov.co](http://www.banrep.gov.co)

### Law

- Circular External 100 / 1995 by Financial Superintendence
- Decretory 2649 / 1995
- Código de Comercio of Colombia

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