

A large, abstract graphic of a network or globe made of blue cubes and connecting lines is positioned in the upper right background. The cubes are arranged in a spherical pattern, with lines connecting them to form a mesh. The overall color scheme is shades of blue.

Costa Rica

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 Costa Rican regulated funds must be maintained and updated in the country. Monthly and annual accounts must be prepared and all detailed reconciliations (investments, custody, cash, units, etc.) must be performed in the country. Dividends must be issued from the country.

Foreign funds authorized for marketing in Costa Rica must be promoted by an entity approved by the National Securities Commission (SUGEVAL). The approved promoter reports periodically to SUGEVAL on its marketing activities and the corresponding accounting records must be kept for such purposes.

Production of financial statements by collective investment funds

All Costa Rican regulated funds are required to produce and present annual and monthly financial statements to SUGEVAL.

The promoter of foreign funds authorized for marketing in Costa Rica must submit information on its marketing activities with the same frequency and deadlines required in the country where the fund is registered.

The legal representative, who is typically the general manager of the entity authorized to manage the investment funds, is ultimately responsible for preparation of the financial statements.

The legal representative of the entity authorized to manage the investment funds is required to sign the financial statements.

There is no requirement for directors to sign financial statements.

Selection of period/year-end for collective investment funds

Collective investment funds have the option to choose their own year-end. The common year-end for authorized investment funds is 31 December.

Requirement of comparatives

Comparatives are required for the financial statements.

Restrictions on the currency under which financial statements must be prepared

The reporting currency is generally specified in the fund prospectus. Mixed investment funds are permitted. All funds registered in Costa Rica are in Costa Rican Colon (CRC), U.S. dollars (USD), or Euro (EUR).

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

There are no accounting publications specific to the funds industry issued by accounting bodies in Costa Rica. SUGEVAL publishes biweekly information on investment funds on its Web site, including information on profitability, number of investors, investment features, and other relevant information.

The complete audited annual financial statements are published in the Web site of the investment fund company.

Use of short form accounts

Short form accounts are not permitted under Costa Rican law and regulations.

Umbrella schemes

Entities that manage investment funds must present a document, which contains the financial statements of each investment fund managed.

Each sub fund must produce separate financial statements.

Classes of shares

There are no share funds authorized in Costa Rica. Financial statements are required which incorporate all classes of shares.

There is no requirement to produce financial statements for each class of share.

1.2 Requirement to audit financial statements

The annual financial statements of each regulated investment fund require annual audits. Audited accounts must be completed within 40 days of year-end. There is no requirement to audit the interim financial statements.

1.3 Publication of financial statements

The complete audited annual financial statements are published in the Web site of the investment fund company.

Each fund manager is responsible for ensuring that the annual audited financial statements are made available to investors.

Monthly financial statements and additional information on the investment portfolio, the value of net fund assets, and each stock certificate must be submitted to SUGEVAL either monthly or every two weeks, as appropriate. Annual audited financial statements must also be presented to SUGEVAL.

SUGEVAL publishes information every two weeks on profitability, total fund assets, management fees paid by each fund to the fund manager, classification of funds by type, investment term, etc.

1.4 Accounting standards

Accounting standards issued by SUGEVAL are followed in preparing the financial statements of investment funds. These standards are similar to International Financial Reporting Standards.

Under Costa Rican legislation, SUGEVAL is the entity that establishes the accounting framework applicable to investment funds. Accordingly, SUGEVAL issues a manual of accounts and its use for all investment funds is mandatory.

The accounting framework for investment funds can be found by visiting <http://www.sugeval.fi.cr/esp/marcoiuri/norvigente/marvigente.html>.

1.5 Contents of financial statements

The following items must be included in the annual financial statements:

	Required by law	Required by GAAP (Costa Rican)	Complied with for Best Practice
A statement which includes all income less expenses plus realized and unrealized gains and losses	Yes	Yes	Yes
A statement which only includes income less expenses	No	No	No

	Required by law	Required by GAAP (Costa Rican)	Complied with for Best Practice
A statement which only includes income less expenses plus realized gains and losses	No	No	No
Statements of net assets and liabilities	Yes	Yes	Yes
Statement of changes in net assets	Yes	Yes	Yes
Cash flow statement	Yes	Yes	Yes
Statement of accounting policies	Yes	Yes	Yes
3 year net asset value table	No	No	Yes
5 year net asset value table	No	No	No

1.6 Accounting treatments and disclosures

The following items must be included in the annual financial statements:

	Required by law	Required by GAAP (Costa Rican)	Complied with for Best Practice
Futures are shown on balance sheet using the grossed up notional amount	No	No	No
Futures are shown on the balance sheet based on the margin outstanding	No	No	No
Futures are shown on the balance sheet based on the margin outstanding and the margin paid to date	No	No	No
Organization costs are written off immediately	Yes	Yes	Yes
Organization costs are amortized over one year	No	No	No
Organization costs are amortized over more than one year	No	No	No
Issue costs are charged to the statement of operations	No	No	No
Issue costs are netted off against creation proceeds	Yes	Yes	Yes

	Required by law	Required by GAAP (Costa Rican)	Complied with for Best Practice
Contingent deferred sales charges are recorded as income	No	No	No
Contingent deferred sales charges are netted off against redemption proceeds	No	Yes	Yes
Holdings in other collective investment funds are consolidated if the fund holds > 50% of the underlying collective investment fund's shares	No	Yes	Yes
Methods used in financial statement presentation to measure listed investments are:			
Cost	No	No	No
Market value			
bid	No	No	No
mid	No	No	Yes
offer	No	No	No
close	Yes	Yes	Yes
price at any time during the day	No	No	Yes
The financial statements distinguish between income and capital	Yes	Yes	Yes

Appendix 1

Reference Material

Relevant laws and regulations for collective investment funds and fund management companies as well as web addresses (in certain instances) where this material can be located are as follows:

Accounting pronouncements

<http://www.sugeval.fi.cr/esp/marcojuri/norvigente/marvigente.html>

Regulator

<http://www.sugeval.fi.cr/esp/marcojuri/norvigente/marvigente.html>

Taxation authority

Securities Market Regulation Act of 1998 No. 7732 (LRMV)

<http://www.bccr.fi.cr/leyregmv.htm>

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.