

CANARA ROBECO MUTUAL FUND

SCHEDULE: F

A. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008.

1. INCOME RECOGNITION:

- 1.1 Income on investments is generally accounted on accrual basis except where there is uncertainty about ultimate recovery. Such income is recognised when the uncertainty is resolved.
- 1.2 Dividend is accounted on ex-dividend date for quoted shares and on the date of declaration for unquoted shares.
- 1.3 Profit or loss on sale of investments, is recognised on the trade date reckoning the average cost.
- 1.4 Accrued income considered doubtful is provided for and charged to Revenue Account.
- 1.5 Entry and exit load at the time of sale/purchase of units is offset against selling expenses or expenses incurred for the benefits of the unit-holders in the current year and any surplus in the account is treated as income of the scheme at the Investment Manager discretion.

2. INCOME EQUALISATION REVENUE:

- 2.1 When units are sold/repurchased, an appropriate amount which represents the realized gain at the time of sale/repurchase of units, is credited/debited to equalization account. The balance in the account is transferred to revenue account at the year end without affecting the Net Income of the Fund. The purpose of equalization account is to maintain per unit amount of a option' share of the scheme's undistributed income earned during the accounting period, so that continuing unitholders' share of undistributed income remains unchanged on issue or redemption of units under than plan and option.

3. EXPENSES :

- 3.1 All expenses are accounted for on accrual basis.
- 3.2 All provisions on Non-Performing Assets are provided for by charge to the Revenue account.

4. INVESTMENTS:

4.1 Investments are accounted on trade dates at cost including brokerage, stamp duty and securities transaction tax (Equity) and any charge included in the brokers bought note.

4.2 Bonus / Right entitlements are recognised on ex-bonus / Right dates.

4.3 Investments are stated at their market/fair value at the balance sheet date.

TRADED (QUOTED)

4.3.1 All quoted investments other than thinly traded are considered at closing market rates as at the valuation date.

4.3.2 When a security (other than debt securities) is not traded on any stock exchange on a particular valuation day, the value at which it was traded on the selected stock exchange, or any other stock exchange, as the case may be, on the earliest previous day is used provided, such date is not more than 30 days prior to valuation date.

4.3.3 Quoted equity investments which are not traded for a period of thirty days and quoted debt investments (other than Government Securities) which are not traded on any stock exchange on a particular valuation day, are considered as a “non traded securities.”

4.3.4 NON TRADED (UNQUOTED)

Non traded/unquoted/thinly traded investments are valued in “Good faith”, by the Investment Manager, on the basis of the valuation principles laid down by SEBI as under:

EQUITY INVESTMENTS

On the basis of capitalization of earnings in combination with net asset value, with an appropriate discount for illiquidity.

DEBT INSTRUMENTS

INVESTMENT GRADE

All Non traded/thinly traded non government debt securities upto 182 days to maturity, are valued on the basis of amortization.

Other non traded/thinly traded/non government debt securities of investment grade, beyond 182 days to maturity, are valued by taking the prices released by an agency

(CRISIL), suggested by AMFI on the basis of the valuation principles laid down by SEBI.

NON INVESTMENT GRADE:

All non traded/thinly traded/non government/ non investment grade/ non performing debt securities are valued based on the provisioning norms laid down by SEBI.

GOVERNMENT SECURITIES:

All government securities are valued by taking the prices released by an agency (CRISIL), suggested by AMFI, on the basis of the valuation principles laid down by SEBI.

CBLO:

Collateralized Borrowing and Lending Obligation (CBLO) is valued at cost plus interest accrued till Balance sheet date.

MONEY MARKET:

Non traded money market instruments are valued at cost plus interest accrued plus the proportionate share of the difference between cost and redemption value.

REPO:

Instruments bought on 'repo' basis are valued at the resale price after deduction of applicable interest upto the `date of resale. Instruments sold on 'repo' basis are valued after adjusting the difference between the repurchase price (after deduction of applicable interest upto date of repurchase) and the value of the instrument.

- 4.4 Based on the recommendations of the Guidance Note on Accounting for Investments in the Financial Statements of Mutual Funds by the Institute of Chartered Accountants of India (pursuant to the Eleventh Schedule of the SEBI Regulations) the net unrealised appreciation / depreciation is ascertained on the basis of category of investments. The unrealized appreciation so calculated is transferred to unrealised appreciation reserve, and whereas, depreciation on investments if any, as computed above is provided in the Revenue account.