

**MEMO# 5231**

October 14, 1993

# **REVISED DRAFT STATEMENT OF POSITION - ACCOUNTING FOR CERTAIN DISTRIBUTION COSTS FOR INVESTMENT COMPANIES**

October 14, 1993 TO: ACCOUNTING/TREASURERS COMMITTEE NO. 34-93 RE: REVISED DRAFT STATEMENT OF POSITION - ACCOUNTING FOR CERTAIN DISTRIBUTION COSTS FOR INVESTMENT COMPANIES \_\_\_\_\_ The AICPA Investment Companies Committee has revised its draft statement of position (SOP), Accounting for Certain Distribution Costs for Investment Companies. The revised draft is attached for your information. The revised draft SOP would require a fund with an enhanced 12b-1 plan to record currently (versus on termination of the plan) a liability for any unreimbursed or "excess" costs of the distributor. As you know, the initial draft SOP would have required liabilities for unreimbursed distribution costs be recognized on termination of enhanced 12b-1 plans. (See memo to Accounting/Treasurers Committee No. 26-93, dated August 20, 1993.) Other changes to the draft SOP are as follows: (1) The term "unreimbursed costs" has been replaced by the term "excess costs", (2) A table has been added to more clearly distinguish between traditional and enhanced 12b-1 plans, and (3) The conclusion section of the paper has been expanded to clarify the Committee's basis for its conclusions. The revised draft SOP is still subject to review and modification by the AICPA Accounting Standards Executive Committee (AcSEC) which will meet on October 26 in Washington, D.C. The Committee will also meet with the FASB in November to obtain their comments prior to exposing the paper for public comment. We will keep you informed of further developments. Gregory M. Smith Director - Operations/Compliance Attachment