

MEMO# 3877

June 29, 1992

ACCOUNTING POLICY SUBCOMMITTEE PROJECTS

June 29, 1992 TO: ACCOUNTING/TREASURERS COMMITTEE NO. 30-92 INDEPENDENT
ACCOUNTANTS ADVISORY GROUP RE: ACCOUNTING POLICY SUBCOMMITTEE PROJECTS

The Accounting Policy

Subcommittee (APS) met in Boston on June 15, selected a new chairman, and established its working agenda for the coming months. This memo identifies the current subcommittee projects and the subcommittee members, including project leaders, who have volunteered for each project. The APS membership list is attached. I. PIK Bond Accounting Develop detailed illustrative guidance for PIK bond accounting to assist the industry in implementing the AICPA Statement of Position (SOP) on High Yield Bonds (the SOP is expected to be issued in August, 1992 and will likely require use of the effective interest, or OID, method for PIK bond income accruals.) Tom London, MFS - Project Leader John Gargana, Lord Abbett Allen Goldstein, Price Waterhouse II. Accounting For Fund Expenses Paid Through Directed Brokerage Develop accounting and reporting guidance for funds where certain fund operating expenses are paid by brokers or other third parties. Denis McAuley, National Funds - Project Leader Robert DeNormandie, Coopers & Lybrand Ron Wolfsheimer, Calvert (with assistance from Rich Silver, Colonial) -2- III. Accounting For Complex Securities Issue a paper providing general guidance on a number of complex securities and develop subsequent more detailed guidance for particular complex securities as needed. Use as a basis for the general guidance a paper developed by John Tesoro of Arthur Andersen for the AICPA Investment Companies Committee. This project is being taken up by the APS because the AICPA Investment Companies Committee was unable to secure AcSEC approval to complete the project due to potential conflicts with an ongoing FASB project on financial instruments. Tim Jacoby, Fidelity - Project Leader Richard Meyerowich, Deloitte & Touche Vin Nave, Boston Company Bruce Smith, Van Eck IV. Tax Basis Accounting The APS will continue working on a long-term project to determine the desirability and feasibility of adopting a tax basis approach to accounting and reporting for income and distributions. Accounting/Treasurers Committee members will soon receive a questionnaire regarding various book/tax accounting differences. The survey results will be discussed during Dave Taylor's panel at the September Tax & Accounting Conference. Vin Nave, Boston Company - Project Leader Allen Goldstein, Price Waterhouse (with assistance from Dave Taylor, Federated) ***** The Accounting Policy Subcommittee invites members of the Accounting/Treasurers Committee and Independent Accountants Advisory Group to provide input or assistance in connection with any of the above activities. Anyone wishing to assist should contact the project leader or any of the other individuals listed. Timothy J. Jacoby Donald J. Boteler Chairman Assistant Vice President Accounting Policy Subcommittee Operations

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