

**MEMO# 993**

February 17, 1989

## **FASB ISSUES SFAS NO. 102, AMENDING SFAS NO. 95**

February 17, 1989 TO: BOARD OF GOVERNORS NO. 11-89 ACCOUNTING/TREASURERS MEMBERS NO. 1-89 CLOSED-END FUND MEMBERS NO. 11-89 OPERATIONS MEMBERS NO. 9-89 SEC RULES MEMBERS NO. 12-89 UNIT INVESTMENT TRUST MEMBERS NO. 15-89 INDEPENDENT ACCOUNTANTS ADVISORY COMMITTEE RE: FASB ISSUES SFAS NO. 102, AMENDING SFAS NO. 95 \_\_\_\_\_ The Financial Accounting Standards Board (FASB), on February 10, 1989, issued the attached Statement of Financial Accounting Standards No. 102 (Statement) which, among other things, exempts most investment companies from the general requirement to present a statement of cash flows in accordance with SFAS No. 95. The exemption criteria and definitions in the Statement are substantially unchanged from the Exposure Draft. Provided that the conditions in paragraph 7 are met, paragraph 6 of the Statement makes the exemption available to (a) investment companies subject to the Investment Company Act of 1940 ('40 Act), (b) investment companies having essentially the same characteristics as those subject to the '40 Act, and (c) common trust funds, variable annuity accounts, or similar funds. The conditions in paragraph 7 are: a. During the period, substantially all of the enterprise's investments were highly liquid (for example, marketable securities and other assets for which a market is readily available). b. Substantially all of the enterprise's investments are carried at market value. c. The enterprise had little or no debt, based on average debt outstanding during the period, in relation to average total assets. d. The enterprise provides a statement of changes in net assets. We will keep you advised of further developments Donald J. Boteler Director of Operations/ Fund Accounting Attachment