

MEMO# 3851

June 15, 1992

AICPA STATEMENT OF POSITION ON FOREIGN CURRENCY ACCOUNTING AND REPORTING

June 15, 1992 TO: ACCOUNTING/TREASURERS COMMITTEE NO. 28-92 INDEPENDENT
ACCOUNTANTS ADVISORY GROUP RE: AICPA STATEMENT OF POSITION ON FOREIGN
CURRENCY ACCOUNTING AND REPORTING

Enclosed for your review is a copy of the AICPA'S Proposed Statement of Position (SOP), Foreign Currency Accounting And Financial Statement Presentation For Investment Companies . The SOP applies to international, global, and single-foreign-country funds registered in the U.S. and to offshore funds that follow U.S. generally accepted accounting practices; it seeks to standardize the measurement of foreign currency gains or losses and their financial statement presentation consistent with the approach of FASB Statement No. 52. The SOP would require all foreign currency gains or losses (including foreign currency gain or loss on interest or dividends) to be separately identified and reported in the statement of operations as components of realized and unrealized gain or loss. Paragraph 6 of the SOP identifies the sources of realized or unrealized foreign currency gain or loss as follows: - interest, dividends, and withholding taxes accrued versus the amount received or receivable based upon current exchange rates - expenses accrued versus the amount paid or payable in foreign currencies, based on current exchange rates - the cost of securities held versus their carrying value based on current exchange rates - payables or receivables for securities bought or sold at the transaction date versus actual amounts at settlement date or payable or receivable based on current exchange rates - marking to market of forward exchange contracts or forward exchange futures contracts -2- Comments are due to the AICPA by August 4, 1992. Please provide the Institute with any comments you wish to have included in the Institute's response by July 14, 1992. Donald J. Boteler Assistant Vice President - Operations Enclosure