

SECURITIES AND EXCHANGE COMMISSION

17 CFR Part 211

[Release No. SAB 103]

Staff Accounting Bulletin No. 103, "Update of Codification of Staff Accounting Bulletins"

AGENCY: Securities and Exchange Commission.

ACTION: Publication of staff accounting bulletin.

SUMMARY: This staff accounting bulletin revises or rescinds portions of the interpretive guidance included in the codification of staff accounting bulletins in order to make this interpretive guidance consistent with current authoritative accounting and auditing guidance and SEC rules and regulations. The principal revisions relate to the rescission of material no longer necessary because of private sector developments in U.S. generally accepted accounting principles, as well as Commission rulemaking.

DATES: Effective May 9, 2003.

FOR FURTHER INFORMATION CONTACT: Paul Munter or Jack Albert, Office of the Chief Accountant (202-942-4400), or Craig Olinger, Division of Corporation Finance (202-942-2960), Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549.

SUPPLEMENTARY INFORMATION:

Background

The last comprehensive review of the staff accounting bulletins was completed by the staff in 1981, which culminated in issuance of Staff Accounting Bulletin No. 40. At that time, the staff completed a comprehensive review of the material included in staff accounting bulletin numbers 1 through 38 to revise and update such materials, and to codify those staff accounting bulletins in order to make the interpretive guidance contained therein more useful to registrants, accountants and others (Staff Accounting Bulletin No. 39 was separately considered by the staff).

Since that time, the staff has issued 62 additional staff accounting bulletins (through number 102) and occasional amendments (e.g., SAB No. 71A), and has, on a sporadic basis, revised or rescinded the guidance in individual staff accounting bulletins based on subsequent Commission rulemaking activities or developments by private sector accounting and auditing standards-setters. However, a comprehensive review of the guidance

contained in the staff accounting bulletin codification has not been undertaken since 1981.

Recent guidance issued by the Financial Accounting Standards Board (FASB), specifically Statements of Financial Accounting Standards (Statements) 141, *Business Combinations*, 142, *Goodwill and Other Intangible Assets*, 143, *Accounting for Asset Retirement Obligations*, 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, 146, *Accounting for Costs Associated with Exit or Disposal Activities*, 147, *Acquisitions of Certain Financial Institutions—an Amendment of FASB Statements No. 72 and 144 and FASB Interpretation No. 9*, and Interpretations 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others—an Interpretation of FASB Statements No. 5, 57, and 107 and Rescission of FASB Interpretation No. 34 and 46*, *Consolidation of Variable Interest Entities*, revise or supersede certain guidance contained in Accounting Principles Board (APB) Opinions 16, *Business Combinations*, 17, *Intangible Assets*, and 30, *Reporting the Results of Operations—Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions*, Statements 5, *Accounting for Contingencies*, and 121, *Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of*, as well as several issues addressed by the FASB's Emerging Issues Task Force (EITF) and other authoritative guidance. Provisions of the accounting standards identified above that have been revised or superseded were the subject of several staff interpretations included in the staff accounting bulletins. Furthermore, certain guidance contained in many of the staff accounting bulletins either is no longer useful or relevant due to the passage of time, or has been made obsolete by subsequent Commission rulemaking activities.

Therefore, the purpose of this staff accounting bulletin is to comprehensively update the existing codification to enhance the integrity and usefulness of this guidance.

The statements in staff accounting bulletins are not rules or interpretations of the Commission, nor are they published as bearing the Commission's official approval. They represent interpretations and practices followed by the Division of Corporation Finance and the Office of the Chief Accountant in administering the disclosure

requirements of the Federal securities laws.

Dated: May 9, 2003.

Margaret H. McFarland,
Deputy Secretary.

PART 211—[AMENDED]

Accordingly, Part 211 of Title 17 of the Code of Federal Regulations is amended by adding Staff Accounting Bulletin No. 103 to the table found in Subpart B.

Staff Accounting Bulletin No. 103

The staff hereby revises the Staff Accounting Bulletin Series as follows:

1. Topic 1: Financial Statements

a. Topic 1.A is modified to delete the reference to previously-deleted Rules 3-07 and 3-08 of Regulation S-X.

b. Topic 1.B.1 is modified to reflect the provisions of FASB Statement 109, *Accounting for Income Taxes*.

c. Topic 1.D.1 is modified to conform such guidance with the revised disclosure requirements for foreign private issuers required under Form 20-F as a result of the Commission's International Disclosure Standards rule (Exchange Act Release No. 34-41936) which became effective September 30, 2000. The modifications primarily relate to changes in the former reference in this guidance to Item 9 (Management's Discussion and Analysis) of Form 20-F to make the reference consistent with the new non-financial disclosure requirements of this Form.

d. Topic 1.E.1 is deleted. A definition of the term "audit (or examination)," which was the subject of this interpretive guidance, is now provided in Rule 1-02 of Regulation S-X, thus making the guidance contained in this staff accounting bulletin unnecessary.

e. Topic 1.F is modified to change the references in this guidance from Form S-14 to Form S-4, since Form S-4 subsequently replaced Form S-14. This topic is also modified to delete question 3 and the related interpretive response. The guidance contained in this interpretive response, related to the appropriate accounting treatment for costs incurred to register securities issued for the formation of one-bank holding companies, has been superseded by American Institute of Certified Public Accountants' (AICPA) Statement of Position (SOP) 98-5, *Reporting on the Costs of Start-Up Activities*.

f. Topic 1.I is modified to update the former reference in this guidance to the American Institute of Certified Public Accountants' February 1986 Notice to Practitioners, *ADC Arrangements*. *ADC*