

Retained earnings on mutual funds and other collective investment schemes

The AEG agreed unanimously to accept recommendation (a).

The AEG requested further clarification on the exact recording of the property income flow, the definition of retained earnings and an elaboration of the parallel with insurance transactions. This clarification should also consider the role of holding gains in the attribution of income to share holders. Some of these questions will be dealt with by e-discussion before the next AEG meeting.

The AEG considered the definition of investment funds needs to be further refined and the terminology to be adopted for the unit and the instrument to be re-examined. The e-discussion forum covering questions associated with recommendation (b) should cover these aspects also.