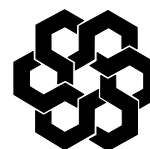




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This document is provided as a convenience to observers at the joint IASB-FASB meeting, to assist them in following the Boards' discussion. It does not represent an official position of the IASB or the FASB. Board positions are set out in Standards (IASB) or Statements or other pronouncements (FASB).

These notes are based on the staff papers prepared for the IASB and FASB. Paragraph numbers correspond to paragraph numbers used in the joint IASB-FASB papers. However, because these notes are less detailed, some paragraph numbers are not used.

INFORMATION FOR OBSERVERS

IASB/FASB Meeting: 23 April 2007, London

Project: Liability and Equity

Subject: Loss Absorption Approach (Agenda paper 13)

PURPOSE OF THIS PAPER

1. The attached papers present an alternative view of the liability and equity (L/E) distinction. This alternative view has been prepared by staff of the Accounting Standard Committee of Germany on behalf of the European Financial Reporting Advisory Group (EFRAG) and the German Accounting Standards Board (GASB).
2. The paper was written under the Pro-active Accounting Activities in Europe Initiative (PaainE) of EFRAG and the European National Standard Setters.

3. Attached are two separate papers.
 - a. A set of slides. This will form the basis of the presentation and discussion.
 - b. The full paper as written by the working groups. This has been provided for background reading.