



**Liabilities and Equity
Board Meeting Handout
October 10, 2007**

The Board will discuss the (a) classification of dividends payable and (b) comment period for the upcoming Preliminary Views, which will be issued in the fourth quarter of 2007.

CLASSIFICATION OF DIVIDENDS PAYABLE

Under the Ownership Approach (the Board's preferred approach), a basic ownership instrument with a required dividend payment is separated. However, at the August 8, 2007 education session, the Board discussed whether dividends payable related to direct ownership instruments should be classified as equity. The staff recommends asking a question in the Preliminary Views document to solicit feedback as to whether a dividend is an obligation an entity has little or no discretion to avoid.

QUESTION FOR THE BOARD

1. Does the Board agree with the staff's recommendation?

COMMENT PERIOD

The staff recommends a six-month comment period. The following factors were considered in developing the recommendation:

- (1) The complexity of the issues
- (2) Interaction with the financial statement presentation project
- (3) The IASB's involvement.

QUESTION FOR THE BOARD

2. Does the Board agree with the staff's recommendation?