Australian Government

Australian Charities and Not-for-profits Commission

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Chartered Institute of Public Finance and Accountancy (CIPFA)

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International Non-Profit Accounting Guidance Part 1: Invitation to comment on Exposure Draft CIPFA/ED/2022/1

The Australian Charities and Not-for-profits Commission (ACNC) welcomes the opportunity to comment on this Exposure Draft 1 of the International Non-Profit Accounting Guidance **(INPAG)**. We understand the objective of CIPFA is to develop international reporting guidance for Non-Profit Organisations (NPOs) to improve the quality, transparency, and credibility of NPO financial reports and their usefulness to stakeholders.

About the ACNC

The ACNC is the national regulator of charities in Australia. The ACNC does not regulate NPOs that are not registered charities, and our comments should be noted with this context.

The objects of the *Australian Charities and Not-for-profits Commission Act 2012* (Cth) (**ACNC Act**) are to:

- maintain, protect and enhance public trust and confidence in the Australian not-for-profit sector
- support and sustain a robust, vibrant, independent and innovative Australian not-for-profit sector
- promote the reduction of unnecessary regulatory obligations on the Australian not-for-profit sector.

The ACNC maintains a free and searchable online public register of charities (**the Charity Register**). In most cases, each charity's entry includes details about its location, activities, its people, its governing rules and annual reporting, including finances. The Charity Register helps the public to understand the work of the charity sector and provides for transparency of charities. There are currently around 60,000 registered charities in Australia.

Our response to the Exposure Draft

The ACNC sees the value of the International Financial Reporting for Non-Profit Organisations (**IFR4NPO**) initiative in creating the first-ever international financial reporting guidance tailored specifically for NPOs. The adoption of fit-for-purpose guidance will assist in

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improving transparency, accountability, and comparability of financial reporting for NPOs worldwide, which can help increase stakeholder confidence and support.

We have provided a detailed response to the questions raised in the INPAG Exposure Draft 1 where the ACNC has relevant comment to make and have summarised key matters below.

Concurrent standard development

The Australian Accounting Standards Board (**AASB**) is currently developing a new not-for-profit financial reporting framework in Australia. Specifically, the creation of a 'third tier' of financial reporting to address concerns that the current Australian reporting requirements are overly complex to apply for smaller not-for-profit private sector entities.

The concurrent timing of the international and Australian processes presents an opportunity for aligning frameworks. We attach our recent submission to the AASB consultation process.

Expected uptake of INPAG

The ACNC is supportive of changes that provide consistent financial reporting within the charity sector. This helps build public trust and confidence in a sector that, in Australia, is mostly made up of small charities (65.3% are small, and 31.4% of these have less than $50,000 in annual revenue) and run by volunteers (51% of charities report not having any paid staff at all).[1]

We note that INPAG is intended to be adopted primarily by those that prepare financial information on an accrual basis. In Australia, a small charity (as defined)[2] can elect to use either cash or accrual accounting and submitting their annual financial report to the ACNC is optional. Approximately 12,000 medium and large charities (20% of all charities) must prepare their reports on an accrual basis in compliance with Australian Accounting Standards and must lodge the annual financial report with the ACNC.

We understand the need for INPAG to have an adoption threshold that is easily understood and relevant across international boundaries, however we note that the use of accrual accounting as that threshold will capture a highly diverse cohort of charities. There are many medium and large charities with relatively unsophisticated financial systems, no in-house team member with financial acumen, and limited financial resources. All these factors combine to reduce the ability of such charities to develop their financial reporting capabilities to meet the requirements of INPAG.

These charities may also face additional challenges including having to make consequential changes to their own governing document, introduce new systems and record keeping measures, while keeping up with any reporting obligations to regulators (to avoid penalty or other administrative actions) or to funders and donors.

[1] Australian Charities and Not-for-profits Commission, Australian Charities Report – 8th edition, 2022, available at https://www.acnc.gov.au/tools/reports/australian-charities-report-8th-edition

[2] Small charities are those charities with annual revenue under AUD $500,000. More information about charity sizes and reporting requirements can be found in the body of our report.

INPAG will be of less relevance to small charities in Australia because there is no ACNC regulatory requirement for them to prepare a financial report. Instead, they are only required to complete an Annual Information Statement.[3]

Complexity of INPAG

There exists a significant variation in the financial sophistication of accrual-based entities, ranging from those that have just made the transition from cash-based systems to those that already prepare Tier 1 or 2 General Purpose Financial Statements (GPFS) in accordance with Australian accounting standards.

For those entities that are already preparing GPFS, INPAG may appear to be a step backward. On the other hand, for entities that have recently transitioned to accrual accounting, INPAG's requirements may be considered complex.

We noted that the AASB's Tier 3 Discussion Paper has proposed simpler reporting requirements, such as no mandatory requirement to apply consolidation and a simpler revenue recognition model. In our submission to the AASB, we expressed our support for the proposed reporting simplifications:

- a self-contained accounting standard which would serve as a ‘one-stop shop’,
- the provision for discretion in application where appropriate,
- excluding the most complex items and transactions that rarely occur (acknowledging the challenges inherent in balancing comprehensiveness with inclusion only of the most common transactions).

Further questions

Please contact Mel Yates at Melville.Yates@acnc.gov.au or +61 (3) 9275 9595 if you wish to discuss any aspects of this submission.

Sincerely,

Anna Longley

Anna Longley

Assistant Commissioner General Counsel

[3] https://www.acnc.gov.au/for-charities/annual-information-statement

Appendix – Response to specific questions

Question 1: General comments

a) Is the structure of INPAG helpful? If not, how could it be improved?

b) Do you have any Question other comments (including regulatory, assurance or cost/benefit) relating to this INPAG Exposure Draft? If so, explain the rationale for any points you wish to make.

As the regulator of charities in Australia, the Australian Charities and Not-for-profits Commission (**ACNC**) has the responsibility of administering the *Australian Charities and Not-for-profits Commission Act 2012* (Cth) (**ACNC Act**), which includes the requirement for registered charities to prepare financial reports in accordance with the Australian accounting standards and the financial reporting provisions under the *Australian Charities and Not-for-profits Commission Regulations 2022* (Cth) (**ACNC Regulations**).

It is unclear whether INPAG will be adopted as a standard for not-for-profit private entities by the AASB, or how it might interact with the AASB's proposed Tier 3 standards.
The ACNC remains committed to promoting transparency and accountability among charities and ensuring that they comply with the reporting requirements to maintain their status as registered charities.

Question 2: Description of NPOs and users of INPAG References

a) Do you agree with the description of the broad characteristics of NPOs? Does the term 'providing a benefit to the public' include all entities that might be NPOs? If not, what would you propose and why?

It is important to note that, in the Australian context, 'not-for-profit' and 'charity' are discrete concepts, and while a charity must be a not-for-profit, the reverse is not true. Our response to this question should be viewed in this context. We also note that our observations are limited to our role as a regulator of charities, and so we have not provided an opinion on the suitability of the definition for NPOs more generally, or whether it includes all potential NPOs.

There is currently no statutory definition of 'not-for-profit' in Australia, so the term is given its ordinary meaning. The ACNC will generally accept that an organisation meets the not-for-profit requirement where the organisation has demonstrated that it does not operate for the profit, personal gain or other benefit of particular people, including its members or the people who run it, unless such benefit is provided as part of genuinely carrying out the entity's purpose(s). This requirement applies both while the organisation is operating as well as on the organisation's winding up or dissolution.

We consider the description of the broad characteristics of NPOs would cover all registered charities.

We make the following comments based on the eligibility requirements for registration as a charity in Australia.

They have a primary objective of providing a benefit to the public

- Charities must pursue charitable purposes for the public benefit.
- The section of the 'public' that is served by the entity must be appreciable. For example, it may not be appropriate to characterise a single-family unit or group of people united by a common business interest as the 'public'.
- Charities must direct all their resources and activities towards carrying out their charitable purposes, noting that the charity may undertake other activities that are ancillary to its charitable purposes. Members of a charity can be a beneficiary if that would further the charity's charitable purposes.
- Whether a charitable purpose is for the public benefit must be determined by weighing the benefits against possible, identifiable detriment. [1]

They direct financial surpluses for the benefit of the public

We consider that use of the term "surplus" is difficult.

- A surplus is generally taken to mean the amount of resources that exceeds the portion that is needed. It does not usually refer to expenditure incurred in relation to the general organisational operations – for example the provision of aged care. We query whether 'resources' may be a more accurate word to use?
- If surplus is what is meant, then further clarity is required on the impact of the definition for organisations that operate on a breakeven position or retain their surpluses to build future financial capacity. For clarity, we consider that NPOs may retain their 'surplus' to direct it back into the operation of the organisation(s).

For completeness we also note that in Australia charities can undertake commercial operations for the purpose of generating surpluses to support their charitable endeavours.

They are not government or public sector entities that should prepare general purpose financial reports under public sector financial reporting standards.

Defining a government entity in an Australian charity law context is complex. We have developed extensive guidance materials to support charities.

Providing a definition bounded by public sector reporting standards may on the surface reduce such complexities. However, we are concerned that the suggested definition places

[1] Division 2 of the *Charities Act 2013* (Cth)

too much reliance on other reporting requirements and insufficient focus on the very distinct natures of NPOs and government entities.

In Australia some not-for-profit entities, depending on the field within which they operate, may be required to prepare general purpose financial reports under public sector financial reporting standards. While other entities may not have such requirements yet demonstrate elements of operation as government entities. It may be more beneficial to focus on the nature of the operation of a not-for-profit entity, rather than restrictive reporting criteria.

b) Does Section 1, together with the Preface, provide clear guidance on which NPOs are intended to benefit from the use of INPAG? If not, what would be more useful?

We consider that Section 1, together with the preface, provides clear guidance on which NPOs are intended to benefit from the use of the INPAG.

Additionally, we have considered the pyramid provided in the Exposure Draft and agree with the top and bottom tiers comprising full IFRS and cash based NPOs respectively.

In our experience the middle 'INPAG' sector is more nuanced than currently stated. There are many small NPOs that use accrual-based accounting. While aspirational that all such entities would apply INPAG principles, in practice this may impose a level of burden on some charities that is likely to outweigh the benefits to the users. We have commented further on this in our covering letter.

Small charities in Australia[4] may use either cash or accrual accounting, unless they must use accrual accounting in accordance with their governing document (rules, constitution, or trust deed), or government department or agency, or funding body requirements. Lodging the financial reports with the ACNC is optional.

Medium and large charities must use accrual-based accounting in their financial reports, and these must be lodged with the ACNC.

Question 3: Concepts and pervasive principles References

a) Do you agree with the range of primary users and the description of their needs? If not, what would you propose and why?

We agree that:

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[4] The ACNC has tiered reporting requirements based upon a charity's annual revenue. For reporting periods starting from the 2022 Annual Information Statement, charity sizes are:

- Small charities are those with annual revenue under $500,000
- Medium charities are those with annual revenue of $500,000 or more, but under $3 million
- Large charities are those with annual revenue of $3 million or more.

- the public receiving goods and services,
- resource providers, and
- those fulfilling oversight function

are all primary users of NPO GPFS. We agree with the description of their needs.

We note the comments in the paper regarding internal stakeholders including members. We accept that members may already fall into one or more of the primary user groups already listed. Although we recognise that there is value in reducing the user groups to its simplest form, we consider more is lost in not recognising the unique position of members.

We regard members as primary users - particularly where the membership group is not involved in the oversight of the NPO. In Australia charities are subject to 'governance' standards, including taking reasonable steps to be accountable to their members.

b) Do you agree with the qualitative characteristics of useful information? If not, what would you change and why?

Agree.

***c) Do you agree with the components of net assets? If not, why not? ***

We agree that net assets comprise the residual of recognised assets minus recognised liabilities. However, we recommend that the differentiation between funds with and without restrictions need not be presented on the face of primary financial statements. Instead, including a disclosure note to elaborate on the restricted component would suffice in reducing the reporting burden as shown in Figure 2.2. This approach provides transparency and enables users' understanding about the financial position of the entity.

d) Do you agree with the inclusion of equity as an element? If not, what would you propose and why? What type of equity might an NPO have?

While equity is not expected to be common in the context of a NPO, there are legitimate reasons for equity to be included as an element. As an example, we noted that some charities have a legal structure in the form of a company limited by shares, in which shareholders may be other charities. Although less common, it is still appropriate to use the term 'equity' to reflect the financial interest of these organisations in the net assets of a reporting NPO.

e) Do you agree with the categorisation of funds between those with restrictions and those without restrictions in presenting accumulated surpluses and deficits? If not, what would you propose and why?

The AASB 1058.37(b) refers to components of equity divided into restricted and unrestricted amounts. However, an entity is only 'encouraged' to disclose the distinction. Consideration should be given to whether including a disclosure note to elaborate on the restricted component would suffice as per our response in 3 (c).

We consider that NPOs should have the flexibility to present information about restrictions in the notes to the statements rather than on the face of the financial statements if they wish to.

See our response to question 6(c) for more information.

f) Do you agree that funds set aside from accumulated surpluses for the holders of equity claims can be part of funds with restrictions and funds without restrictions and that they should be transferred to equity prior to distribution? If not, what would you propose and why?

We agree that funds set aside from accumulated surpluses for equity holders can be either restricted or unrestricted. The treatment of restricted and unrestricted funds is pervasive throughout the INPAG financial statements. We propose that a disclosure note providing details on the restricted component would suffice as an alternative to reduce reporting burden while enhancing transparency.

Any distribution to equity holders is subject to an overarching restriction that it must be used to further the NPO's object as outlined in G1.4, which requires direct surpluses to benefit the public. The accounting treatment to transfer the funds to equity prior to distribution may depend on the NPO's structure or its governing rules. We suggest that CIPFA seek input from NPO sector practitioners to evaluate any unintended consequences and that it reflects the diversity of NPOs.

g) Do you agree that 'service potential' should be introduced into Section 2? If not, why not?

Agree, we note that the current AASB conceptual framework[5] for not-for-profit entities references 'service potential'.

h) Do you agree that the provisions for 'undue cost and effort' used in the IFRS for SMEs Accounting Standard should be retained? If not, why not?

The ACNC supports minimising burden associated with financial reporting. The undue cost and effort exemption in limited circumstances should be available to charities.

i) Is the NPO as a reporting entity clear? Does the process for identifying branches in the Application Guidance support the principles? If not, what would be more useful?

We agree that the guidance provided is as clear as possible, while acknowledging that significant judgement is necessary when a reporting NPO is not clearly defined. From our perspective, the reporting boundary for a NPO is the charity that is registered with the ACNC, regardless of whether it is controlling or controlled, with an annual revenue of $500,000 or more and subject to legislative requirements for financial report preparation.

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[5] Framework for the Preparation and Presentation of Financial Statements – AUS49.1

Question 4: Principles to enable comparability of financial statements.

a) Do you agree with the proposed changes to terminology from the IFRS for SMEs Accounting Standard? If not, what would you propose and why?

We agree with changes that recognise the unique nature of the sector including the use of language that is more relevant to the sector.

b) Do you agree that comparatives should be shown on the face of the primary statements? In particular, do you agree with the proposed comparatives for the Statement of Income and Expenses? If not, what do you propose and why?

We agree that comparatives should be shown on the face of the primary statements.

c) Do the proposals for expressing compliance with INPAG create unintended consequences? If so, what are your key concerns?

None identified.

Question 5: Scope and presentation of the Statement of Financial Position

a) Do you agree that all asset and liability balances should be split between current and non-current amounts (except where a liquidity-based presentation has been adopted)? If not, why not?

Agree.

b) Do you agree with the proposal that not all categories of asset and liability balances should be split between those with and those without restrictions? If not, which categories of asset and/or liability should be split?

Agree. NPOs should have the flexibility to present asset and liability balance information in the way that will provide useful information to users.

Question 6: Scope and presentation of the Statement of Income and Expenses

a) Do you agree with the name of the primary statement being 'Statement of Income and Expenses'? If not, why not?

The current Australian Accounting Standard AASB 101 uses the term ‘Statement of profit or loss and other comprehensive income’ but does allow the use of other titles. We note that some charity financial reports use a similar title ‘Statement of Income and Expenditure’.

Our preference is that NPOs should have the flexibility to use titles that are suitable for the users of their financial statements, and we note that BC5.5 does include this flexibility.

b) Do you agree that the terms surplus and deficit should be used instead of profit or loss? If not, why not?

Agree. Australian charities are familiar with these terms from the Annual Information Statement they lodge with the ACNC.

c) Do you agree that amounts on each line of revenue and expenses should be split

between those with and those without restrictions on the face of the primary statement? If not, what alternative approach would you propose and why?

Where assets held by a charity have restrictions on how those assets can be used or disposed of, there is a risk that the charity’s financial statements may mislead users where those restrictions are not properly understood.

We support in principle the inclusion of information about restricted assets in financial statements. The proposal to present restricted/unrestricted and total information on the face of financial statements may be appropriate for some NPOs, but it may also make the statement of income and expenses difficult to read.

As the nature of the restrictions on NPO assets is likely to vary widely, we consider that NPOs should have the flexibility to present information about restrictions in the notes to the statements rather than on the face of the financial statements.

d) Do you agree that NPOs should be able to choose whether to present either income items or expense items first to get to a surplus or deficit? If not, what alternative approach would you propose and why?

Agree. The Australian accounting standards (AASB101.57) allow preparers to use any ordering of items they wish to, so the proposal is consistent with current practice. Giving NPOs the option to choose whether to present income items or expense items first allows them to highlight what matters most in achieving their goals.

Question 7: Scope and presentation of the Statement of Changes in Net Assets

For the proposed not-for-profit financial reporting framework in Australia, the AASB has not yet formed a view on whether a statement of changes in equity will be compulsory. It notes that for many smaller not-for-profit private sector entities, the profit or loss might be the only change in equity for the reporting period.

Our interactions with charity stakeholders similarly indicate the statement is less commonly used or relied upon by users. From a cost-benefit perspective, we recommend that the statement of changes in equity is optional. Should a statement be required then we believe it should be simple and easy to apply.

a) Do you agree with the proposal that there is no Other Comprehensive Income (OCI), and that an expanded Statement of Changes in Net Assets would allow an equivalent to the OCI being produced. If not, why not?

Our view, as expressed in our submission to the AASB's Discussion Paper – Development of Simplified Accounting Requirements (Tier 3 Not-for-Profit Private Sector Entities), is that NPOs should prepare a statement of profit and loss and other comprehensive income but that a statement of changes in equity should be optional.

b) Do you agree that funds are split between those with and those without restrictions on the face of the primary statement? If not, what alternative approach would you propose and why?

As noted at questions 2(c) and 6(c), we consider that NPOs should have the flexibility to present information about restrictions in the notes to the statements rather than on the face of the financial statements.

Question 8: Scope and presentation of the Statement of Cash Flows

a) Do you agree with the separate presentation of cash donations and grants on the face of the statement? If not, what alternative approach would you propose and why?

There is no requirement currently under the Australian Accounting Standards for separate disclosure of grants and donations by NPOs.

We support separate presentation of information where it is useful to do so, but we do not support mandatory application of this requirement.

The ACNC has published guidance[6] on recommended disclosures in charity financial statements, including the statement of cash flows, but does not mandate presentation of specific items.

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[6] Our guidance can be found at: [Annual financial report disclosures - best practice | ACNC](#).

b) Do you agree that donations or grants received for the purchase or creation of property, plant and equipment should be treated as investing activities? If not, what alternative would you propose and why?

We recognise the potential usefulness of such information in meeting the funder's needs, however we suggest CIPFS consider if there is widespread support among NPOs for this approach. In our submission to the AASB's Tier 3 discussion paper, we proposed that reporting could be simplified to reduce burden by eliminating the separate distinction of cash flows from investment and financing activities.

c) Do you agree that both the direct method and indirect methods for the cash flow statement should be permitted? If not, why not?

Agree.

Question 9: Principles underpinning the notes to the financial statements

a) Do you agree that there are no NPO specific considerations for this Section? If not, what changes would you propose and why?

We recommend that the principles underpinning the notes should promote transparency and accountability, *for example* by including relevant information to enable users to understand a NPO's purpose or mission.

Question 10: Approach to consolidated and separate financial statements

a) Is the Application Guidance to apply the control principles sufficient? If not, what changes or additions would you propose and why?

While the Application Guidance cover the control principles sufficiently, we do not agree that a controlling NPO should be required to present consolidated financial statements. Refer to the Q17 response in our submission to the AASB Tier 3 Discussion Paper.

b) Do you agree that a rebuttable presumption relating to control should be retained? Is the current drafting sufficient? If not, what would you propose and why?

Although we supported the choice to present consolidated financial statements, we agree that the rebuttable presumption related to control should be retained.

c) Is the Application Guidance sufficient to apply the fundamental characteristics of faithful representation and relevance to consolidation? If not, what additions would you propose and why?

Yes. We consider examples should be included in the Application Guidance to assist NPOs.

d) Do you agree with the use of the terms 'controlling NPO', 'controlled entity' and 'beneficial interest' instead of 'parent', 'subsidiary' and 'investment'? If not, what would you propose and why?

Although we support the choice to present consolidated financial statements, we agree with the use of the terms.

Question 11: Approach to accounting policies, construction of estimates and accounting for errors

a) Do you agree with the updates to Section 10 and that there are no additional NPO specific considerations that need to be addressed in this Section? If not, what changes or additions would you propose and why?

We acknowledge the benefits of allowing NPOs to exercise judgement in developing and applying accounting policies as set out in paragraph G10.4 and the related discretionary consideration of the appropriateness of applying IFRS and IPSAS in paragraph G10.6.

However, exercising such judgements also brings with it the need to understand the principles and concepts set out in those standards so the NPO can make an informed decision. This may introduce the NPO to accounting treatments of recognition and measurement that it might not previously have applied, or even be familiar with. These treatments will be complex to some, and many NPOs may not have, or be able to easily acquire, accounting knowledge, technical expertise, or the resources (pro bono access to sector practitioners or the funds to pay them) to apply them.

We suggest the implementation guidance materials can provide illustrative examples, for example, accounting for prior year errors, to allow NPOs to better understand the application of the guidance.

Question 12: Scope and content of narrative reporting

a) Do you agree with the principles proposed to underpin narrative reporting? If not, what would you propose to change and why?

The AASB intended to **exclude** narrative reporting (referred to as Service Performance Reporting by the AASB) as part of its current project to provide a new not-for-profit financial reporting framework in Australia. The Board considered that, although such information was highly relevant to users of a NPO's financial statements, it should be progressed separately.[7]

We agree with the AASB's position. Service performance/narrative reporting would add to the already significant reporting burden associated with transitioning to the new framework.

The potential complexities involved in developing such information requires careful consideration and this is best done separately from other initiatives.

The continued discussion of narrative reporting via the INPAG Exposure Draft has significant merit in helping to evolve financial reporting for NPOs. However as with the AASB's proposed framework, we consider that its implementation should be separate to the other aspects of the INPAG.

We agree that, if implemented, narrative reporting should be principles based rather than prescriptive. We agree with the principles articulated in the INPAG.
Organisations will need to decide what measures are relevant to them and how the information can be presented in a way that provides a holistic picture of their achievements.

Some organisations will want to use a narrative structure to report, while some will prefer quantitative measures. We note, however, that this flexibility will impact consistency and comparability of the reporting.

b) Do you agree with the scope of the minimum mandatory requirement, with additional information, such as sustainability reporting to be optional? If not, what changes should be made and why?

We agree that the type of information set out in INPAG relating to narrative reporting non-financial information is important, and meaningfully complements financial information. However, we consider further consultation is required prior to the adoption of a minimum reporting requirement for narrative reporting. Of particular importance is understanding the increased cost and time narrative reporting would take.

The ACNC has some experience in collecting non-financial information. The Annual Information Statement lodged with the ACNC by each charity gathers information such as activities and areas of operation. Users can, in broad terms, see what each charity is offering, who they are helping and where they are operating. Each year, the ACNC reviews and modifies (if required) the AIS that charities are required to complete – we can provide copies of the current and past versions of the AIS if helpful. Given the diversity within the sector, entities need some flexibility in how they meet requirements to report non-financial information.

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[7] Feedback from the Australian Accounting Standards Board (AASB) from AASB Exposure Draft 270 and New Zealand's post implementation review on service performance reporting standards may yield further insights.

c) Do you agree with the proposals that sensitive information can be excluded from narrative reports? If not, what alternative would you propose and why?

As the INPAG notes, it is impractical to determine a detailed set of requirements and specific format appropriate to all NPOs. Given the risks faced by many NPOs operating in challenging jurisdictions, it is paramount that they have the discretion to make an informed assessment as to whether particular information about their organisation is suitable for publication.

d) Should a two-year transition period for narrative reporting be permitted to assist in overcoming any implementation challenges? If not, what alternative would you propose and why?

As discussed above we believe that the consideration of narrative reporting should be separated from the INPAG proposal and deferred for implementation after INPAG.