Factors Influencing the Extent of Compliance with Mandatory Corporate Disclosure Requirements by Manufacturing Companies Listed at Amman Stock Exchange

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Abstract: This study aimed at investigating empirically the extent of mandatory compliance with International Accounting Standards (IASs) by manufacturing companies listed at Amman Stock Exchange in 2006. It also aimed at explaining the relationship between some of corporate-specific characteristics (size, age, leverage and profitability) and some of corporate governance attributes (audit committee independence, type of audit firm and ownership structure/concentration) on the level of the compliance. An index of compliance was devised to quantify the level of the compliance. This was applied to financial statement of 50 manufacturing companies listed at Amman Stock Exchange for the year 2006. Multiple regression analysis was used to explore the relationship between the level of compliance and the particular attributes of these companies. The average level of the compliance for all companies was 76.6% of the items in the index, and no company within the examined time was fully complied with all requirements. This study also reveals that there is a significant positive relationship between the size, leverage, profitability, ownership structure and type of audit firm and the level of mandatory compliance with IASs, while results did not support any relationship between the age of the company and the independent of audit committee with the extent of the compliance.

Keywords: Corporate Governance, Mandatory Disclosure, International Accounting Standards

1 Introduction

Corporate disclosure in annual reports and in filings to government bodies is the main means by which managers communicate firm performance, business strategy and firm governance to outside users such as investors, stakeholders and information intermediaries. According to Foster (1986, Chapters 1 and 2), information can be regarded as a special and complex 'commodity' or 'product' that can be produced and sold. Corporate disclosure, a particular form of information offering, is the product of its own diverse set of demand and supply forces.

The issue of corporate disclosure has received a great deal of attention from many researchers. Why corporations should and do disclose information is articulated in various theories, namely stakeholder theory, agency theory legitimacy theory and political economy theory (Choi, 1973). But they all agree that companies release information mostly for traditional user groups such as shareholders, creditors, financial analysts and security consultants who find this information useful when making investment decisions (Cooke, 1989). Corporate disclosure is, however, subject to potential pressures from regulatory bodies. Disclosure is generally made in company annual reports through the statements or accompanying notes. Although other means of releasing information, such as medial release, interim reporting, letters to shareholders and employee reports, are used by the companies, annual report is considered to be the major source of information to various user-groups (Marston and Shrives, 1991). Nevertheless, all parts of the annual reports are not equally important to all users. The income statement is believed to be the section most preferred by investors, whereas cash flow statement and balance sheet are the most useful sections to bankers and creditors (Eccles and Mavrinac, 1995; Ho and Wong, 2001). Likewise, users of accounting information weigh audit reports, directors' reports, accounting policies and historical summary differently. The annual report should contain information that will allow its users to make correct decisions and efficient use of scarce resources. Much earlier research has focused on corporate transparency and capital market development.

Rapid globalisation of capital markets has heightened community awareness of the information needs of international investors and the desirability of International Accounting Standards (IASs) (Nobes and Parker, 2000, p. 67). The International Accounting Standards Board, formerly the International Accounting Standards Committee, has become increasingly influential in the world of commerce. Its principal objective is to issue IASs to increase comparability in financial reports produced by companies regardless of their country of origin (Choi et al., 2002, p. 298).

Since the fall of Enron in the United States, there has been a wider recognition of the importance of corporate transparency and disclosure. The effective functioning of capital markets, however, significantly depends on the effective flow of information between the company and its stakeholders. Information disclosure is seen as a means to improve marketability of shares, to enhance corporate image and to reduce the cost of capital (Meek et al., 1995). Companies provide information on the ground such that disclosure will not respond to the negative impact on the company image (Choi, 1973). Brownlee et al. (1990) argued that regulatory agencies should be more concerned with the full and fair disclosure of information than with the specific accounting methods used to measure or report economic transactions.

Earlier research examined factors such as size, profitability and listing status to find out their links with disclosure. Cooke (1989) suggested that disclosures are higher for larger firms. Lobo and Zhou (2001) demonstrated that companies that are performing well are likely to provide more information than poorly performing companies. Also, cultural value is no less important a determinant of disclosure. For example, in countries which support a culture that has a high sense of secrecy, management is less likely to pursue a high level of disclosure (Gray and Vint, 1995).

This study investigates the disclosure practices by manufacturing companies listed in Jordan to examine the (extent) level of compliance with mandatory requirements in IASs by these companies and also to examine the association between company characteristics and some of the corporate governance attributes and the extent of mandatory compliance with IASs disclosure requirements.

2 Literature Review

Disclosure or corporate reporting is the process of providing information from the reporting company to the financial markets (ASSC, 1975). In its simplest form, disclosure is a method of communication between the reporting company and the interested users of the reported information. Users include current and potential small and institutional investors, financial analysts and other capital market participants who have an interest in the value of a firm.

The disclosure-related literature has developed into a distinct branch of economic and accounting research (Frolov, 2004). Following the taxonomy suggested by Verrecchia and Robert (2001), it is easy to distinguish three major research problems confronted by the literature:

1. Whether information disclosure is economically efficient in general,
2. The effect of information disclosure on the aggregate behaviour of economic agents,
3. The circumstances surrounding the decision to make private information public

Earlier studies review and examine the extant of compliance with IASs and also examine the association between corporate specific characteristics and some of corporate governance attributes and the level of compliance with disclosure requirements.

Hmeedat (2004) examined the level of compliance with IAS by manufacturing companies listed at Amman Stock Exchange in 2002 and also examined the association between company specific attributes (size, number of share holders, return on equity and age). For this purpose, a disclosure compliance index was prepared containing 62 compliance items drawn from international and local disclosure requirements. This study used the weighted model in scoring the compliance index. The results of this study reveal that the level of compliance by the sample companies is approximately 79%, and it also indicates that there is a positive relationship between company size and the level of compliance with IAS, while results did not support any relationship between the level of compliance and the other company's attributes. It also indicates that there is a positive relationship between return on equity and the level of compliance with local disclosure requirements.

In addition, the results show that there is variation between the individual and institutional investors in evaluating the importance of the disclosure items drawn from IASs, although no variation was found between these types of investors concerning the disclosure items drawn from local requirements. Also Akhtaruddin (2005) reported the results of an empirical investigation of the extent of mandatory disclosure by 94 listed companies in Bangladesh and also the results of the association between company specific-characteristics and mandatory disclosure of the sample companies. This study examines the relationship between mandatory disclosure and four corporate attributes, that is, company age, status, size, and profitability. Consistent with earlier research, it is hypothesised that there is a significant association between company size and the extent of disclosure. Larger companies may tend to disclose more information than smaller companies in their annual reports due to their competitive cost advantages. About company age, the researchers infer a positive association between the age of the company and the level of disclosure. That is, old companies disclose information to a greater extent than new companies.

The researchers used the industry as an explanatory variable because disclosures differ from one industry type to another. Companies have also been divided broadly into two categories: traditional and modern. Also this study used the rate of return on capital employed, and sales have been used as a measure of profitability. It is hypothesised that companies with a higher rate of return (either on capital employed or on sales) disclose information to a greater extent than those with a lower rate of return on capital employed. In order to determine the level of corporate disclosure, disclosure index was employed. This study reveals that disclosure compliance is poor among listed companies. They disclosed an average of 43.53% of the items selected. The minimum score found in this study is 17.3% and the maximum is 72.50%, showing a decreasing trend in the level of corporate disclosure with an increase in the disclosure score.

Analysis shows that the age of the company is not a factor for disclosure. The investigation did not support the hypothesis that old companies will provide more information than new companies. Similarly, company status has no effect on disclosure. Contrary to earlier findings (Cooke, 1989; Meek et al., 1995; Owusu-Ansah, 1998), this study finds little support for the relationship between size and the level of disclosure, however, except in respect to sales, where size is marginally significant.

The same result was found in the case of disclosure and profitability. Joanna Yeoh (2005) reported the results of an empirical study assessing the level of compliance with mandatory disclosure requirements by New Zealand (NZ)-registered companies listed on the New Zealand Stock Exchange (NZX) over a 3-year period (1996-1998). The sample consists of NZ-registered non-financial companies that were listed during 1996-1998. Only NZ-registered companies were chosen because foreign-registered companies do not have to comply with NZ GAAP. A disclosure-measuring template was developed and used to capture the mandatory disclosure compliance level (DCL) for each company in the sample. It is similar to the one used by Owusu-Ansah and Yeoh (2002) and consists of all information items required to be disclosed in an annual report of a NZX-listed company. An applicable mandated information item is scored 1 when disclosed in an annual report of a sample company and 0 otherwise. Following earlier studies, a relative score was computed for each company. The relative score is the ratio of what a company disclosed in its annual report to what it is expected to disclose under the regulatory regime in each year investigated. Because the constituents of the disclosure index are mandated information items, the relative score obtained by a company is interpreted as its DCL. To ensure that the DCL for each company reflects its true disclosure compliance behaviour, the reliability of the disclosure-measuring template was evaluated. To do this, annual reports of 20 sample companies were randomly selected and given to an independent person to re-score. A correlation analysis was carried out on the scores obtained from this person and those from the present investigator. The results of this analysis indicate that there was no significant bias introduced by the scorers and that the DCL for each company is real, and there was a high level of compliance with mandatory disclosure requirements by the companies in the sample in each of the years investigated. The DCLs cluster together in the upper end of the fourth quartile. They range from a minimum compliance level of 84.1% to a maximum level of 99.5%, and the number of companies disclosing less than 90% of the applicable mandated information items declined over time. The number of companies whose compliance rate was between 90 and 100% of statutory and regulatory disclosure requirements consistently increased over time from 84% in 1996 to 98% in 1998. This upward trend in the level of compliance with disclosure requirements could be due to the regulatory agency having proved that it is not a big lion without teeth. Owusu-Ansah (2005) empirically investigated the relationships between seven factors (company-specific characteristics) and the extent of corporate mandatory disclosure practices of companies listed on the New Zealand Exchange Limited over a 3-year period, 1996-1998. The empirical results indicate that company age is the most crucial factor explaining the level of corporate compliance with mandatory disclosure requirements in NZ. Also, the results show that the existence of audit committee, company size, liquidity, profitability and auditor-type are consistently positively related to the extent of corporate mandatory disclosure, though, not statistically significant at all times. Further, the results of this study provide empirical evidence supporting agency theory in that management equity ownership is consistently negatively related to the extent of corporate mandatory disclosure, though, not statistically significant. Overall, the results provide strong evidence that older, well-established listed companies tend to comply with mandatory disclosure requirements. Therefore, policy makers in NZ may focus more on newly listed companies in any educational effort to prepare companies in the country about their external reporting responsibilities once the Interactional Financial Reporting Standards are eventually adopted for use in the country in 2005.

3 The Regulatory Environment in Jordan

Financial reporting and disclosure in Jordan is regulated by three main sources. First, the Companies Law No. (22) of 1997 and its amendments, this law provides the legal basis for companies, and its articles deal with the fundamental details of formation, registration, liquidation, merging and other related matters, with referring to basic disclosure requirements.

Second, source is the Securities Law No. (76) for the year 2002: as part of the structural, regulatory and legislative reforms undertaken in Jordan, a new security law was passed in May 1997. It aimed to restructure the capital market to international standards and to make it efficient and transparent to protect investors and encourage investment which was replaced by the Securities Law No. (76) for the year 2002.

The third and maybe the most important source is the issued IASs; these standards as we discussed above in the regulatory bodies in Jordan seeks to ensure that the companies is in compliance with them.

3.1 Research Methodology

Figure 1 indicates the study model and the relationship between dependent and independent variables.

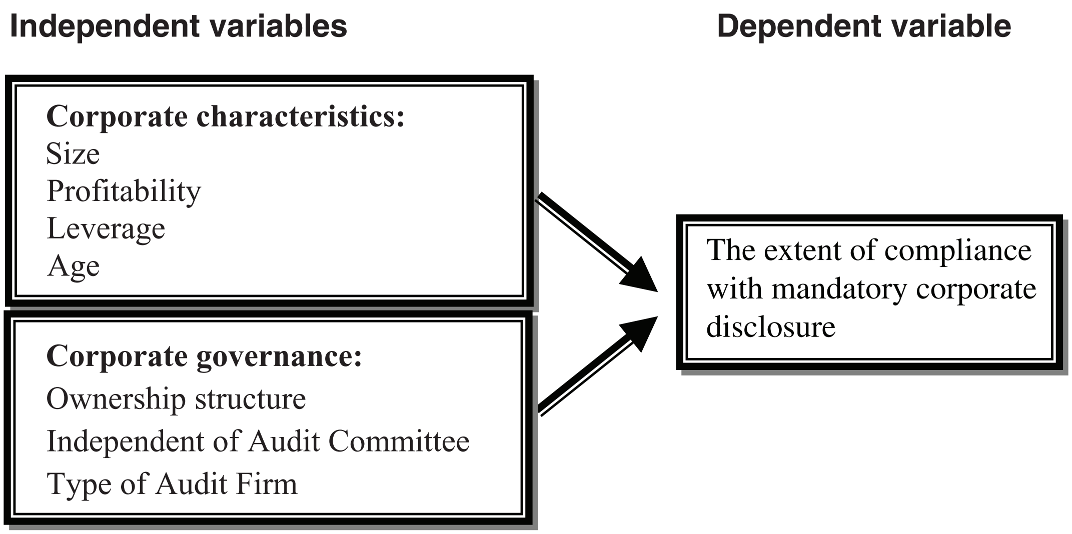

Figure 1 - Model study

3.2 The Dependent Variables

The level of mandatory compliance with IASs was measured by a compliance index, self-constructed disclosure checklist consistent with earlier compliance studies (Glaum and Street, 2003; Street and Gray, 2001). The initial step in constructing the index was to develop a checklist which was modified according to Deloitte presentation and disclosure checklist 2006 (an IAS Plus guide), used to determine the level (extent) of compliance by the sample companies.

3.3 Compliance Checklist

This study will measure firm compliance with disclosure requirements of selected IASs for the year 2006 by applying checklist. A copy of the disclosure items included in the disclosure checklist to be examined is provided in the Appendix.

Each of the disclosure items is coded as applicable and disclosed or applicable and not disclosed. The total disclosure (TD) of applicable items for a firm is additive as follows:

$$\mathrm{TD} = \sum_{i=1}^{n_i} d_i,$$

where TD is total disclosure score, $d = 1$ if item d is applicable and disclosed and 0 if item is applicable and not disclosed and n_i is the total number of disclosure items.

The disclosure is deemed not applicable for the firm if it appears that disclosure of information is not mandatory. In contrast, if it is evident that an item of disclosure is applicable based on a review of the firms' entire annual report, therefore companies were not penalised for not disclosing an item if it was deemed obvious by the researcher that the item did not apply to that company or if not enough information was given to discern its applicability (Hodgdon, 2004). Then, the TD was converted into a percentage of compliance for each company by dividing the total scores for applicable and disclosed items of the index over the total applicable disclosure items.

This study will use a weighted model, which means that each item of disclosure is equally important, taken into consideration that one user may attach different weighs to an item of disclosure than another user. Spero (1979) provided support for not using weights. He found that attaching weights to disclosure

Table 1 Independent variables and their measures

Variable	Proxy
Company size	Market value of the firm
Profitability	Net profit/sales
Leverage	Total debt/ownership equity
Age	Number of years passed since establishing
Ownership structure	Percentage of outside shareholders
Audit committee independent	Non-executive directors in the audit committee
Type of audit	Company audited by Big5 Jordanian audit firms

Table 2 Correlation matrix between the explanatory variables

	Size	Profitability	Leverage	Age	Own structure	Audit committee independent	Big5
Size	1						
Profitability	0.091	1					
Leverage	0.016	0.065	1				
Age	–0.362	0.186	0.024	1			
Own structure	–0.123	–0.376	–0.180	–0.095	1		
Audit committee independent	0.076	0.246	0.075	–0.170	–0.214	1	
Big5	0.207	–0.065	–0.242	–0.039	–0.123	0.033	1

item was irrelevant because firms that disclose more important items also disclose less important items and are thus consistence with their disclosure practices.

3.4 Independent Variables

It is hypothesised that there are two broad categories of firm characteristics that can affect the levels of corporate disclosure and transparency. The first category consists of firm-specific characteristics (attributes), whereas the second category consists of corporate governance attributes (variables) of the firm. Table 1 presents a list of the independent variables and their measurements.

3.5 Correlation Matrix among Independent Variables

Table 2 shows the results of Pearson correlation matrix between each pair of independent variables of the sample companies.

3.6 Descriptive Statistics

3.6.1 Dependent Variables

Table 3 reports descriptive statistics for IASs included in the compliance index, and also it shows that the overall companies were 76.6% with a minimum of 60% for the IAS 14 segment reporting and a maximum of 90% for the IAS 34 interim financial reporting. It also shows that no company examined is fully complied with all IASs requirements included in the index.

Table 3 Compliance level with overall IASs indices for 50 listed companies

Variables	Minimum	Maximum	Mean	Standard deviation
IAS 1	0.54	0.95	0.87	0.087
IAS 7	0.77	0.93	0.88	0.052
IAS 14	0.34	0.90	0.60	0.174
IAS 16	0.65	0.91	0.78	0.077
IAS 18	0.53	0.89	0.73	0.119
IAS 23	0.47	0.90	0.69	0.138
IAS 33	0.62	0.91	0.75	0.092
IAS 34	0.81	0.98	0.90	0.045
IAS 37	0.51	0.91	0.71	0.118
IAS 38	0.53	0.93	0.75	0.111
Overall	0.34	0.95	0.766	

Table 4 Independent continuous variable statistics

Variables	Minimum	Maximum	Median	Mean	Standard deviation
Size (JD)	1,000,000	776,106,866	10,000,000	41,381,943	113,765,033
Profitability	–6.94	0.57	0.050	–0.194	1.089
Leverage	0.00	2.465	0.262	0.33	0.344
Age	9	55	23	23.78	13.100
Ownership structure	0.11	1.00	0.915	0.869	.1625

*Jordanian Dinar (JD) = 1.41$.

3.6.2 Independent Variables

Tables 4 and 5 respectively reports descriptive statistics for the independent continuous variables and independent dummy variables.

From Table 6, we notice that the value of R^2 equals 70%, and this percentage indicates the reliability of the study model; this means that the independent variables can explain 70% of the behaviour of the dependent variables. We can also see that the co-efficient of correlation is strong proportional, and it equals 84%. To test the relation between independent and dependent variables, the calculated value of (F) was 42.3. This value is significant at 5%, and it was greater than its tabled value 2.25. According to that, the Null hypothesis is rejected, and we accept the alternative hypothesis which states that there is a significant positive relationship among the size, profitability, leverage, age, ownership structure, audit committee independent and type of audit, all together, and the level of mandatory compliance with (IASs).The value of sig. is 0.00 (less than 5%), which assures our result above. The main hypothesis contains seven sub-hypotheses, and each independent variable will be tested separately. About the sub-hypotheses, the value of T and its significance was found as shown in Table 7.

Table 5 Independent dummy variables statistics

Variables	Minimum	Maximum	Mean	Standard deviation
Audit committee independent	0	1	0.68	0.471
Big5	0	1	0.60	0.495

Table 6 Study model statistics

R	Adjusted R^2	R^2	*F*	Significant
0.84	0.62	0.70	42.3	0.000

Table 7 Statistics of the model variables

Independent variables	*B*	Standard error	*T*	Significant	Null hypotheses
Size	0.031	0.015	2.054	0.032	Reject
Profitability	1.69	0.692	2.451	0.0142	Reject
Leverage	0.552	0.191	2.88	0.003	Reject
Age	0.072	0.05	1.443	0.156	Accept
Ownership structure	0.251	0.112	2.229	0.025	Reject
Audit committee independent	0.274	1.342	0.204	0.839	Accept
Type of audit firm	0.33	0.05	6.49	0.000	Reject

*Tabled (T) = 1.68, at confidence level of 95%.

4 Conclusions and Recommendations

This study reveals that the level of mandatory compliance with the (10) IAS averaged overall companies was 76.6%. The level of mandatory compliance varied across standards. The highest average level of compliance was 0.90 for IAS 34, and the lowest was 0.60 for IAS 14. This study also reveals that firm size was found to be positive and statistically significant determent of IAS compliance, company profitability also found to have significant positive relationship with the extent of IAS compliance, the same positive relationship was found for company leverage, while the result did not support the relationship of the company age and the level of compliance. Although the results also supported significant positive relationship between the percentage of outside share holders and the extent of compliance, the same result also found the relationship of type of audit and the extent of compliance with IAS as there is insignificant positive relationship. The result did not support the relationship of audit committee independent on the level of compliance. The findings provide potentially useful information about the level of mandatory compliance with IASs and the attributes that are associated with higher compliance.

This study is likely to benefit researchers interested in compliance with IASs in other parts of the world. It contains important lessons for international organisations interested in the diffusion of financial reporting standards in developing countries. It also provides evidence for factors associated with different levels of compliance. Lessons drawn from Jordanian experience could be of interest to regulators interested in improving compliance with accounting standards and monitoring-and-enforcement mechanisms.

Upon the results of this study, the researchers recommend the following:

1. The Jordan Security Commission should implement effective control procedures to ensure the following:
    a. Increase the level of compliance with IASs by listed companies in Jordan
    b. The timely bases in publishing the financial reports by listed companies
    c. The independent of audit committee in the listed companies and to activate its roles and duties
2. Companies should train their financial and accounting stuffs on the use and implementation of IASs.
3. Future research could address some of the limitations of this study. For example, it would be interesting to investigate the extent of compliance by unlisted companies, where the nature of the reliance on accounting information can be quite different. Similarly, the nature of compliance with IASs by smaller companies could be investigated more fully.
4. In additions to the variables examined in this study, future researches might examine other factors that may have potential effect on the level of mandatory compliance with IASs.
5. Those future researches could also examine the level of compliance in other economic sectors such as banks and services.

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Appendix

IAS compliance checklist (fiscal year ended 31st December 2006)

IAS 1 Presentation of financial statements	Enterprise should prepare financial statements including accounting policies and explanatory notes	An enterprise should disclose whether the financial statements cover the individual enterprise or a group of enterprises	An enterprise should present assets and liabilities in order of their liquidity	An enterprise should disclose a description of the nature of its operations and its principal activities	An enterprise should disclose the number of shares authorised, either on the face of the balance sheet or in the notes to the financial statements
	An enterprise should disclose the number of shares issued and fully paid and issued but not fully paid, either on the face of the balance sheet or in the notes to the financial statements	An enterprise should disclose par value per share or that the shares have no par value, either on the face of the balance sheet or in the notes to the financial statements	An enterprise should disclose a description of the nature and purpose of each reserve within owners' equity, either on the face of the balance sheet or in the notes to the financial statements	An enterprise should disclose either the number of employees at the end of the period or the average for the period	An enterprise should disclose, either on the face of the income statement or in the notes, the amount of dividends per share, declared or proposed, for the period covered by the financial statements
IAS 7 cash flow statements	An entity shall report cash flows from operating activities	An entity shall report separately major classes of gross cash receipts and gross cash payments arising from investing and financing activities	Cash flows arising from taxes on income shall be separately disclosed	Cash flows arising from taxes on income shall be classified as cash flows from operating activities unless they can be specifically identified with financing and investing activities	An entity shall disclose the components of cash and cash equivalents
	In order to comply with IAS 1 presentation of financial statements, an entity discloses the policy that it adopts in determining the composition of cash and cash equivalents	An entity shall disclose, together with a commentary by management, the amount of significant cash and cash equivalent balances held by the entity that are not available for use by the group	Investing and financing transactions that do not require the use of cash or cash equivalents shall be disclosed elsewhere in the financial statements in a way that provides all the relevant information about these investing and financing activities	Cash flows arising from interest and dividends received and paid shall each be disclosed separately	
IAS 14 segment reporting	Segment revenue, separately distinguishing segment revenue from sales to external customers and segment revenue from transactions with other segments	Segment result	Total carrying amount of segment assets	Segment liabilities	Total cost incurred during the period to acquire segment assets that are expected to be used during more than one period (property, plant, equipment and intangible assets)
	Total amount of expense included in segment results for depreciation and amortisation of segment assets for the period				

(continued)

Appendix (Continued)

IAS 16 PPE	Land and buildings should be disclosed separately	Depreciation methods used for each class of asset should be disclosed	The useful lives of the deprecation rates used for each class of asset should be disclosed	For each class of PPE, the gross carrying amount and accumulated depreciation (included accumulated impairment loses) at the beginning and end of the period should be disclosed	An enterprise should disclose the amount of PPE pledged as security for liabilities
	An enterprise should disclose the accounting policy for the estimated cost or restoring the site of items of PPE				
IAS 18 revenue	The accounting policies adopted for the recognition of revenue, including the methods adopted to determine the stage of completion of transactions involving the rendering of services	The amount of each significant category of revenue recognised during the period, including revenue arising from the sale of goods, the rendering of services, interest, royalties, dividends	The amount of revenue arising from exchanges of goods or services included in each significant category of revenue		
IAS 23 borrowing costs	An enterprise should disclose the accounting policy adopted for borrowing costs	An enterprise should disclose the amount of borrowing costs capitalised during the period	An enterprise should disclose the capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation when funds are borrowed generally and used for the purpose of obtaining a qualifying asset		
IAS 33 earnings per share	Basic earning per share	Diluted earning per share	The amounts used as the numerators in calculating basic and diluted earning per share (EPS)	A reconciliation of the amount used as the numerators in calculating basic and diluted EPS to net profit or loss for the period	The weighted average of ordinary shares used as denominator in calculating basic and diluted EPS
IAS 34 interim financial reporting	Condensed balance sheet	Condensed income statement	Condensed statement showing either all changes in equity or changes in equity other than those arising from capital transactions with owners and distributions to owners	Condensed cash flow statement	Selected explanatory notes
IAS 38 intangible assets	The useful lives or the amortisation rates used	The amortisation methods used	The gross carrying amount and the accumulated amortisation retirements and disposals	Amortisation recognised during the period	Other changes in the carrying amount during the period

IAS 37 provisions, contingent liabilities and contingent assets	The carrying amount at the beginning and end of the period	Additional provisions made in the period, including increases to existing provision	Amounts used (incurred and charges against the provision) during the period	Unused amounts reversed during the period	Unless the possibility of any outflow in settlement is enterprise should disclose. For each class of contingent liabilities at the balance sheet date, a brief description of the nature of the contingent liability
	Where practicable the following information should also be disclosed: An estimate of the financial effect of the contingent liabilities under the measurement rules specified in paragraphs 35 to 52 of IAS37 An indication of the uncertainties relating to the amount and timing of any outflow The possibility of any reimbursement				

IAS, International Accounting Standard; PPE, property, plant and equipment.