

Technical Advisory Group

Issue Paper

AGENDA ITEM: TAGED16-04
12 December 2023 – Online

Supplementary Information – Draft Recommended Practice Guide and Section 37 *Supplementary Information*

Summary	The paper provides TAG members with an updated draft of the Recommended Practice Guide 1 – Supplementary Statements and an initial draft of Section 37 <i>Supplementary Information</i> .
Purpose/Objective of the paper	At the September 2023 TAG meeting, members were provided with a draft of the guidance for the Supplementary Statement in the form of a Recommended Practice Statement. Following discussion at that meeting and the November 2023 TAG meeting, the Secretariat has made amendments to the draft guidance, most significantly in relation to inventory costs. In addition proposals related to a requirement to provide information supporting the disclosure of a whole of entity supplementary statement have been amended. The provision of such information will now only be required when an NPO has prepared one or more Supplementary Statements, with Section 37 <i>Supplementary Information</i> providing relevant guidance within INPAG.
Other supporting items	TAGED16-02 <i>Classification of Expenses</i>
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Actions for this meeting	<p>Comment on the:</p> <ul style="list-style-type: none"> • changes made to introduce a category of inventory costs; • proposals that only an NPO producing one or more Supplementary Statements be required to provide information needed for a whole of entity supplementary statement; • other minor amendments and changes to the Supplementary Statement guidance; and • initial draft of Section 37 <i>Supplementary Information</i>.



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Supplementary Information - Draft Recommended Practice Guide and Section 37 *Supplementary Information*.

1. Introduction

- 1.1 This paper provides an overview of:
- the changes made to introduce a category of inventory costs;
 - the interaction between the Supplementary Statement, Section 24 Part II *Classification of Expenses* and Section 37 *Supplementary Information*;
 - other minor amendments and areas to consider for the Supplementary Statement guidance; and
 - an initial draft of Section 37 *Supplementary Information*;

2. Background

- 2.1 At the September 2023 TAG meeting, members were provided with an initial draft of guidance related to Supplementary Statements. This was based on guidance that had been developed by the Supplementary Statement Working Group, amended to be more consistent in format to INPAG and with the introduction of changes related to capital costs opening balances.
- 2.2 The position of the Supplementary Statement guidance outside of INPAG was highlighted, with agreement that it would be included in a recommended practice guide or similar. How any Supplementary Statements and the information within them would interact with the general purpose financial statements and general purpose financial reports prepared under INPAG was also discussed. The Secretariat agreed to look at this further as part of work on financial statement presentation and the classification of expenses and high level principles were brought to the November 2023 TAG meeting.
- 2.3 In addition to issues discussed with the TAG, it was also noted that a potential issue with inventory would require amendment to the guidance. This issue relates to a donor requirement for a treatment of inventory not in accordance with INPAG .

3. Inventory

- 3.1 The Supplementary Statement guidance brought to the TAG provided a special treatment for capital costs to reflect how many donors would want to see information presented. This special treatment means that where the income included in the Supplementary Statement has been received to purchase or acquire capital items, an NPO shall disclose the capital costs incurred in the acquisition in an optional section within the Supplementary Statement. Where this does occur, any depreciation or amortisation charges related to the capital item(s) included within expenses in the Supplementary Statement is then deducted from expenses to arrive at a total expenses and capital costs figure in order to remove the potential for including both acquisition costs and the depreciation.
- 3.2 It was brought to the Secretariat's attention that a similar issue could arise with inventory. This is because while INPAG requires that an inventory expense is normally recognised when inventories are sold, distributed or used, the Supplementary Statement guidance previously brought to the TAG required that where funding had been provided to purchase inventory, an inventory expense would be recognised at the point of purchase of supplies and material required for activities rather than on use or distribution.
- 3.3 As the Supplementary Statement guidance notes that expenses shall be recognised consistently with INPAG, a similar approach to that used for capital costs is therefore required.
- 3.4 Direct expenses in the Supplementary Statement have been amended so that they show procured supplies and materials required for activities that have been used, distributed or written-down in the reporting period. Inventory costs have been added as an optional section alongside capital costs. Inventory costs show costs incurred in the acquisition of supplies and materials. Any expenses as a result of inventory being used, distributed or written-down included within expenses in the Supplementary Statement are then deducted from expenses to arrive at a total expenses and inventory and capital costs figure.
- 3.5 As with capital costs where inventory costs are shown, the opening balance including inventory and capital costs will include adjustments for cumulative use, distribution or write-downs and inventory costs in prior years.

Question 1: Are TAG members content with the changes made to the recognition and presentation of inventory expenses and costs in the Supplementary



Statement guidance to ensure consistency with INPAG and so that information is useful to users?

4. Interaction with Section 24 Part II *Classification of Expenses* and Section 37 *Supplementary Information*

- 4.1 The relation between Supplementary Statements, the classification of expense analysis, and broader financial statement presentation was discussed at the TAG meetings in September and November.
- 4.2 TAG commented on the potential burden for NPOs of complying with some of the proposals. As highlighted in TAGED16 - 02 *Classification of Expenses* the proposal that all NPOs provide the information needed to create a whole of entity supplementary statement has been amended.
- 4.3 The provision of such information will now only be required for those NPOs that are preparing one or more Supplementary Statements. The relationship between the Supplementary Statement guidance and the requirements to produce supplementary information in the financial statements and/or accompanying notes is covered in a new section of INPAG, Section 37 *Supplementary Information*. This Section will need to be followed by an NPO when it prepares one or more Supplementary Statements in accordance with the Recommended Practice Guide.

Question 2: Do TAG members support the proposal that only where an NPO is producing one or more Supplementary Statements will they be required to provide the information needed to create a whole of entity supplementary statement and that this guidance will be included in Section 37 *Supplementary Information*?

5. Other minor amendments and areas to consider for the Supplementary Statement guidance

- 5.1 In addition to these significant changes and amendments, there are a number of more minor amendments and areas to consider.
- 5.2 The Supplementary Statement guidance does not form part of the core INPAG guidance and is not mandatory. To differentiate it from the core INPAG guidance it was proposed that the Supplementary Statement guidance be referred to as a Recommended Practice Statement. The Secretariat proposes that the guidance be known as "INPAG Recommended Practice Guide 1 – *Supplementary Statements*".

- 5.3 The Supplementary Statement covers income, expenses, inventory and capital costs. This had previously been abbreviated to SSIECC by the Secretariat but Supplementary Statement group representatives noted following the TAG meeting that they had moved away from this abbreviation. Instead they did not abbreviate but just referred to Supplementary Statements. The guidance has been changed to reflect this.
- 5.4 Gifts-in kind reflects the expense of a physical item such as equipment or inventory that has been provided as a donation for direct activities and that that has been used distributed or written down. Services in-kind has been added to this category of expenses for completeness.

Question 3: Do TAG members have any comments on the other minor amendments and areas to consider?

6. Section 37 Supplementary Information

- 6.1 An initial draft of Section 37 *Supplementary information* is included in Annex B. This Section requires an NPO that has prepared one or more Supplementary Statements to disclose additional information that is not already presented elsewhere in the financial statements. This is to enable the disclosure of all of the information that would allow a whole of NPO expense analysis using the Supplementary Statement expenses classification to be prepared.
- 6.2 The Section requires the use of the same recognition and measurement principles as other INPAG Sections and the use of the same whole of NPO reporting boundary. If for any reason this is not the case the NPO must note the principles/boundary it has used and why it is necessary to produce the Supplementary Information.
- 6.3 Supplementary information is required to be disclosed using the Supplementary Statement classifications, including the separate presentation of direct expenses on programme activities and expenses on support costs depending on the approach that has been used for the Supplementary Statement(s).
- 6.4 While not a mandatory requirement, NPOs are recommended to present a whole of NPO Supplementary Statement incorporating information already presented elsewhere in the financial statements using the prescribed format included in the Recommended Practice Guide.



7. Next steps

- 7.1 An update of Recommended Practice Guide 1 – *Supplementary Statements* is included in Annex A. This will be further updated based on TAG member feedback and brought to future meetings ahead of finalisation for Exposure Draft 3.

- 7.2 An initial draft of Section 37 – *Supplementary information* has been included in Annex B. This will also be updated based on TAG member feedback and reshared for comment ahead of finalisation for Exposure Draft 3.

December 2023

Annex A – Draft Recommended Practice Guide [Note that additional presentation formats that will be included in the Recommended Practice Guide are not presented here but will be updated once agreement has been reached on the standard format]

INPAG – Recommended Practice Guide 1 – Supplementary Statements

Supplementary Statements of income, expenses, inventory and capital costs

Scope

- SS.1 Donors to an NPO may require financial information in addition to that which is included the general purpose financial statements in order to gain confirmation as to how those resources have been used by an NPO. The objective of the Supplementary Statements of Income, Expenses, Inventory and Capital Costs (Supplementary Statements) is to present key auditable financial information about a set of the NPO's activities that is useful to donors, as well as other users of the financial statements.
- SS.2 This guidance applies where NPOs choose to prepare one or more Supplementary Statements in relation to one or more sets of its activities. The activities to which a Supplementary Statement relates is a **specified activity** or set of **specified activities**. The specified activities covered by a Supplementary Statement may relate to a specific activity, grant, project, programme, an aggregation of these, or to all of the NPO's activities.
- SS.3 An NPO shall determine, by reference to the specified activities, which transactions to include in the Supplementary Statement. All material transactions incurred in connection with the specified activities shall be included in the Supplementary Statement. All information contained in the Supplementary Statement and the accompanying notes must be verifiable to an NPO's general purpose financial statements and/or underlying accounting records.
- SS.4 Where an NPO prepares one or more Supplementary Statements, it must also follow all relevant requirements of INPAG Section 37 *Supplementary Information* applicable to the Supplementary Statements.

Format of the Supplementary Statement and information that shall be presented within it

- SS.5 Any Supplementary Statement prepared by an NPO shall be presented in accordance with the following format, subject to the additional information that NPOs are permitted



to present in accordance with SS.23. This format cannot be varied, but where an NPO has no material transactions against any line item, this may be omitted from the Supplementary Statement.

	Note	Presentation Currency
Income		
Grants and donations		
Other income (<i>list out</i>)		
Total income		
Expenses		
Direct expenses		
Employment		
Travel and subsistence		
Supplies and materials		
Running costs, external services and other		
Services in-kind and gifts in-kind		
Grants payable		
Support costs		
Total expenses		
Foreign currency translation gains/losses		
Transfers		
Other financial movements		
Change in grant [<i>fund</i>] balance		
Opening balance		
Closing balance		
Inventory and Capital Costs		
Total expenses before inventory and capital costs		
Less: inventory expenses		
Less: depreciation or amortisation charged		
Add: inventory costs incurred		
Add: capital costs incurred		
Expenses, inventory and capital costs		
Opening balance including inventory and capital costs		
Closing balance including inventory and capital costs		

- SS.6 The Supplementary Statement shall state the name of the reporting NPO, and the specified activity or activities included within the Supplementary Statement in the title to the statement. An NPO may also disclose the names of the grant providers although this is not a mandatory requirement. If the Supplementary Statement includes all the NPO's transactions for the period, the NPO must disclose this in the title of the Supplementary Statement, by stating that the Supplementary Statement is for the reporting NPO as a whole.
- SS.7 The Supplementary Statement shall indicate the date of the end of the reporting period and the period covered by the Supplementary Statement, which shall be the same as the general purpose financial statements.
- SS.8 The Supplementary Statement shall also indicate the presentation currency, which shall be the same presentation currency as the general purpose financial statements. It shall also set out the level of rounding, if any, used in presenting the amounts in the Supplementary Statement.
- SS.9 Where income and expenses with and without restrictions are both included in the Supplementary Statement, they shall be presented in separate columns.

Income

- SS.10 Revenue for a specified activity, shall be recognised consistently with the requirements of INPAG. Each material grant or donation for a specified activity shall be included separately. Where there are other income sources related to the specified activities, such as interest receivable, these shall be identified separately from grant and donation income.

Expenses

- SS.11 Expenses related to a specified activity, shall be recognised consistently with the requirements of INPAG, and classified in accordance with SS.12. Those expenses funded from funds with restrictions shall be shown separately from those funded from funds without restrictions.
- SS.12 Expenses within the Supplementary Statement shall be classified as:

Direct expenses

- (a) **Employment** - Staff salaries including income taxes; social security or national insurance contributions; staff-related statutory or contractual costs; additional remuneration paid to staff as part of the organisation's standard staff contract; statutory termination payments; staff housing costs; temporary staff costs.
- (b) **Travel and subsistence** - Travel costs, including car rental, fuel, vehicle running costs, depreciation of vehicles, required flights and public transport; accommodation,

subsistence or per diems for travelling staff; visas and other travel permits where required.

- (c) **Supplies and materials** - Procured supplies and materials required for activities that have been used, distributed or written-down in the reporting period; non-staff costs of procurement and distribution including fuel, transport and haulage.
- (d) **Running costs, external services and other** - Rent, utilities, mobile and online communications and IT, office supplies, expensed equipment associated with direct activities; bank fees directly related to direct activities; costs of services including consultants, staff training costs, project audit fees, legal advice specifically in connection with the direct activities and other required specialists; depreciation of equipment used for the direct activities; any other direct running costs including the distribution costs associated with individual grant-making.
- (e) **Services in-kind and gifts-in-kind** - A service such as consulting or a physical item such as equipment or inventory provided as a donation for use in the direct activities that has been used distributed or written down.
- (f) **Grants** - Amounts transferred to other organisations or to individuals to undertake activities or to cover certain costs.

Support costs

- (g) **Support costs** - Costs which are necessary to administer and manage the NPO as a whole. Support costs relate to all the activities of the NPO, and are therefore shared across all the activities. Support costs may be included as a separate expenses heading or included in the direct expenses headings on a line by line basis.

Foreign currency translation gains or losses

SS.13 Any element of foreign currency translation gains or losses or other financial movements which have been funded by the income within the scope of the specified activities in the Supplementary Statement.

Transfers between funds

SS.14 Any transfers between funds that related to a specified activity must also be reflected in the Statement of Changes in Net Assets and the Movement in Funds note. Where an NPO makes a transfer between the funds relating to a specified activity and another fund, it shall disclose the transfer on the face of the Supplementary Statement.

Other financial movements

SS.15 Other financial movements which have been included in the Statement of Changes in Net Assets within the general purpose financial statements and allocated by the NPO to a specified activity.

Opening and closing balances

SS.16 The opening and closing balances of the funds related to a specified activity. This must be cross-referenced and reconciled to the Movement in Funds note in the general purpose financial statements. An attestation must be provided confirming that the information in the Supplementary Statement reconciles to the note.

Inventory costs

SS.17 Where the income included in the Supplementary Statement been received to purchase or acquire inventory, an NPO may disclose the inventory costs incurred in the acquisition of supplies and materials in an optional section within the Supplementary Statement. In such cases, any charge to expenses as a result of inventory being used, distributed or written-down that has been included within expenses in the Supplementary Statement needs to be identified. Where this option is used, this charge shall be deducted from expenses to arrive at the expenses, inventory and capital costs figure. This part of the statement related to inventory costs does not need to be completed where an NPO has no inventory items and is not required (but permitted) if the amounts are immaterial.

SS.18 Where inventory costs are shown, the opening balance including inventory and capital costs shall include adjustments for cumulative use, distribution or write-downs and inventory costs in prior years.

Capital costs

SS.19 Where the income included in the Supplementary Statement has been received to purchase or acquire capital items, an NPO may disclose the capital costs incurred in their acquisition in an optional section within the Supplementary Statement. In such cases, any depreciation or amortisation charges related to the capital item(s) included within expenses in the Supplementary Statement shall be deducted from expenses to arrive at the expenses, inventory and capital costs figure. This part of the statement does not need to be completed where an NPO has no capital items and is not required (but permitted) if the amounts are immaterial.

SS.20 Where capital costs are shown, the opening balance including capital costs will include adjustments for cumulative depreciation or amortisation charges and capital costs in prior years.

Notes to the Supplementary Statement

SS.21 An NPO shall include the following notes to the Supplementary Statement.

- (a) ***Purpose and scope of the Supplementary statement*** - The note shall explain the purpose of the Supplementary Statement and a description of the specified activities.

Cross-references to information in the general purpose financial statements including notes to the financial statements must be provided. The note shall provide an explanation for any differences in opening and closing balances.

- (b) **Basis of preparation** – The note shall confirm that the Supplementary Statement has been prepared on the same basis and using the same accounting policies as the general purpose financial statements and the relevant accounting policies to the statement. It shall explain If the Supplementary Statement has departed in any material respect from the basis and policies used to prepare the general purpose financial statements. The NPO shall provide an explanation of the departure(s) and the reason for the departure(s) in the note. Where amounts included in an Supplementary Statement are affected by a change in accounting policy, a change in estimate, or a prior period error, this shall this shall be disclosed along with the impact of the change or error.

SS.22 An NPO shall also include the following notes to the Supplementary Statement where relevant or necessary for the user’s understanding of the information presented in the Supplementary Statement. The Supplementary Statement shall include a reference number to the note on the relevant line.

- (a) **Presentation of the Supplementary Statement** - If an NPO presents additional information in the Supplementary Statement, as permitted by SS.22 it shall explain the presentation in a note to the Statement, and provide the information necessary for the user to understand the presentation and layout of the Statement.
- (b) **Income** - If income includes amounts other than the grant or donation income related to the specified activities in the Supplementary Statement, it shall provide an explanation of the income included and provide a cross reference to the general purpose financial statements. Where an NPO uses a different classification of income in the Supplementary Statement to the general purpose financial statements it shall explain, where each line of income within the Supplementary Statement is included in the Statement of Income and Expenses and income notes.
- (c) **Expenses** - An NPO may include a further analysis of the expenses included in the Supplementary Statement including the expense amounts related to the specified activities on a different recognition basis from that used in the general purpose financial statements. Where an NPO does so it must explain the alternative basis and the differences from the expenses as shown in the Supplementary Statement.
- (d) **Support costs** - Where an NPO includes an amount for support costs within the relevant line on the Supplementary Statement, it shall explain the basis of the support cost charges, indicate where these costs are included in the general purpose financial statements with a reconciliation if different to the disclosure required in Section 24 Part II *Classification of expenses*, and the basis of apportionment to the specified activities. Where an NPO allocates a portion of support costs to any of the expenses lines within “Direct expenses”, it shall disclose these amounts and explain the basis of allocation to the expense line headings. This may include the difference

between the support costs supplied by a grant or donation, its support cost rate based on its actual expenses, and the basis of the support cost rate calculation.

- (e) **Foreign currency translation gains and losses** - If an amount is included in the Supplementary Statement for foreign currency translation gains or losses, an NPO shall explain the basis upon which such gains or losses have been calculated, including the extent to which they are unrealised. The NPO shall also explain the foreign currency translation rates used to arrive at the amounts shown. The source of funding for additional costs in connection with specified activities that have arisen because of foreign currency translation gains and losses must be disclosed, accompanied by an explanation. Any differences to the amounts disclosed in accordance with INPAG must also be explained. An NPO may also calculate and disclose the amount of the income, expenses or grant or fund balance had different foreign currency translation rates been used. Where it does so, it shall explain the basis of the alternative rates.
- (f) **Transfers** - Where an amount is included as a transfer in the Supplementary Statement, the NPO shall explain the transfer in a note, including its basis and the fund to or from which the amounts have been transferred. Support costs funded by the income shown in the Supplementary Statement can be shown in this line as a transfer to funds without restrictions.
- (g) **Other financial movements** - If an amount is included within the Supplementary Statement for other financial changes the NPO shall provide an explanation for the amount, including the basis of its calculation in relation to the specified activities.
- (h) **Inventory costs** - Where an NPO has included amounts in the inventory costs section of the Supplementary Statement in accordance with SS.17, it shall provide an explanation of those amounts including details of the inventory acquired, gross value, expenses related to any use, distribution or write-down, and whether these expenses have been included in the Supplementary Statement.
- (i) **Capital costs** - Where an NPO has included amounts in the capital costs section of the Supplementary Statement in accordance with SS.19, it shall provide an explanation of those amounts including details of the asset(s) acquired, their gross value, any depreciation or amortisation applicable to the asset, and whether such depreciation or amortisation has been included in the Supplementary Statement.
- (j) **Reconciliation to cash income/cash expenditure/cash income and expenditure** - An NPO may present a reconciliation of the income amounts within the Supplementary Statement to the cash amounts received in the period in relation to the specified activities. It may also present a reconciliation of the expense amounts within the Supplementary Statement to the cash amounts expended in the period in relation to the specified activities. If the NPO presents both reconciliations to cash amounts, it may also present a grant or fund cash balance at the end of the reporting period.

- (k) **Reconciliation to the general purpose financial statements** - Where an NPO presents a Supplementary Statement for all of the NPO's activities in the reporting period, it shall provide a reconciliation from the Supplementary Statement to the general purpose financial statements for total income, expenses, and the movement in funds.

Presentation of additional information in the Supplementary Statement

SS.23 In addition to the information that an NPO shall present in accordance with the prescribed Supplementary Statement format in SS.5, an NPO may also choose to present further information in separate columns.

- (a) **Currency in which the income was provided to the NPO** – an NPO may present the amounts, line by line, in the currency in which the income was provided to the NPO. Where this information is presented an NPO shall explain the basis of the presentation of the foreign currency amounts, including the foreign currency translation rates used.
- (b) **The budget amounts associated with the Specified Activities** - an NPO may present the budgeted amounts, line by line, associated with the specified activities. An NPO shall only such amounts where they are capable of verification to the underlying accounting records of the NPO.
- (c) **The prior period amounts relating to the Specified Activities** - where an NPO presents prior period amounts, each prior period included shall be shown in a separate column, clearly identifying the relevant period. A column showing the line totals over all the periods included may also be added. Where this information is included an NPO shall confirm whether prior period amounts agree to the prior period financial statements, and if not, it shall explain the differences.
- (d) **Amounts for each line split into two time periods which together make up the reporting period of the general purpose financial statements** – where an NPO presents this information it shall clearly identify the time periods included in each column, and include a column containing the total by line heading for the reporting period.
- (e) **Separate columns for each grant and donation** - Where more than one grant or donation is included in the Supplementary Statement, the NPO may include each grant or donation, with the related expenses, as a separate column within the Supplementary Statement. If the NPO does so, it may identify each grant or donation separately and may include a column containing the totals of the income and expenses presented for each grant or donation. If the NPO does not include a separate column for each grant or donation included in such a Supplementary Statement, it may include more than one grant or donation in a column, for example, grouping grants or donations in accordance with a specific theme or strand of activities, or grouping immaterial grants and donations together.



Identification and inclusion of the Supplementary Statement in the general purpose financial reports

- SS.24 An NPO may include any Supplementary Statement(s) that it has prepared after the final note to the general purpose financial statements as an annex to the financial statements. The Supplementary Statement(s) shall be clearly separated from the primary financial statements and accompanying notes. Any notes to a Supplementary Statement shall follow immediately after the Supplementary Statement to which they relate.
- SS.25 If a Supplementary Statement and accompanying notes are audited, this shall be noted in the audit report. Where a Supplementary Statement is unaudited, this should be clearly marked on both the Supplementary Statement and in the audit report.

Annex B

Section 37 Supplementary information

Scope of this Section

- G37.1 Section 37 specifies the supplementary information that shall be disclosed by NPOs that produce one or more Supplementary Statements in accordance with Recommended Practice Guide 1 – *Supplementary Statements*.
- G37.2 Supplementary information is the additional information not presented elsewhere by an NPO in its general purpose financial statements prepared under INPAG that is required to enable the preparation of a whole of NPO Supplementary Statement using the classifications and format in Recommended Practice Guide 1 – *Supplementary Statements*.
- G37.3 An NPO may adopt the requirements of this Section including the publication a whole of entity Supplementary Statement irrespective of whether it has produced one or more Supplementary Statements.

Recognition and measurement of Supplementary Information

- G37.4 Income and expenses in Recommended Practice Guide 1 – *Supplementary Statements* are recognised and measured consistently with the requirements of the relevant Section of INPAG. Supplementary Information required by this Section shall be produced using the relevant INPAG recognition and measurement principles.
- G37.5 Exceptionally, if an NPO departs from these recognition and measurement principles, an NPO must disclose by way of note, the recognition and measurement principles it has used and explain why it has been necessary to depart from the INPAG recognition and measurement principles in order to produce the supplementary information.

Presentation of Supplementary information

- G37.6 Supplementary Information shall be prepared using the same whole of NPO reporting boundary as the rest of the general purpose financial statements prepared under paragraph G9.2.
- G37.7 Exceptionally, if an NPO produces supplementary information using a different NPO reporting boundary, an NPO must disclose by way of note the reporting boundary it has used and explain why it has been necessary to depart from the reporting entity boundary to produce the Supplementary Information.
- G37.8 An NPO shall disclose all of the information required to meet the classifications of income and expenses that are required in Recommended Practice Guide 1 – *Supplementary*

Statements. Disclosures shall be made for each category of income and expenses where the amount is material.

- G37.9 Where an NPO separately presents expenses on support activities in the Supplementary Statement(s) produced in accordance with Recommended Practice Guide 1 – *Supplementary Statements*, it must disclose its expenses on support activities.
- G37.10 In meeting the requirements of this Section, an NPO shall disclose all classification of income and expenses that are not otherwise disclosed in the financial statements. Each piece of supplementary information may be disclosed individually or as part of a whole of NPO Supplementary Statement.
- G37.11 NPOs are not required to repeat disclosures already made elsewhere in the financial statements. Where an NPO is required to follow this Section, NPO's must identify in the disclosures made in accordance with other Sections of INPAG the related supplementary information income and expense category.
- G37.12 NPOs are encouraged, but not required to produce a whole of entity supplementary statement using the format in Recommended Practice Guide 1 – *Supplementary Statements*.

Section 37 Implementation Guidance

- IG37.1 Users are most likely to benefit from a whole of NPO presentation of information using the statement format included in Recommended Practice Guide 1 – *Supplementary Statements*. This presentation would include all Supplementary Information prepared under this Section and any other information already presented elsewhere in the general purpose financial statements.
- IG37.2 The source of information to produce a whole of entity Supplementary Statement will depend on how an NPO adopts the INPAG Guidance. Figure IG37.1 provides an illustration of the sources of information to meet the disclosure requirements.

Figure IG37.1

	Source
Income	
Grants and donations	Section 23 Part I
Other income (<i>list out</i>)	Section 37 – if not separately disclosed in accordance with Section 5
Total income	
Expenses	
Direct expenses	
Employment	Section 28
Travel and subsistence	Section 37 – if not separately disclosed in accordance with Section 24 Part II
Supplies and materials	Section 37– if not separately disclosed in accordance with Section 24 Part II
Running costs, external services and other	Section 37– if not separately disclosed in accordance with Section 24 Part II
Services in-kind and gifts in-kind	Section 23 Part I
Grants payable	Section 24 Part I
Support costs	Section 37– if not separately disclosed in accordance with Section 24 Part II
Total expenses	
Foreign currency translation gains/losses	Section 5 and Section 36
Transfers	Section 36
Other financial movements	Section 5, Section 6 and Section 36
Change in grant [<i>fund</i>] balance	
Opening balance	Section 36
Closing balance	Section 36



Inventory and Capital Costs	
Total expenses before inventory and capital costs	Section 24 Part I
Less: inventory expenses	Section 37- if not separately disclosed in accordance with Section 24 Part II
Less: depreciation or amortisation charged	Section 17 and 18
Add: inventory costs incurred	Section 37
Add: capital costs incurred	Section 37
Expenses, inventory and capital costs	Section 37
Opening balance including inventory and capital costs	Section 37
Closing balance including inventory and capital costs	Section 37