



Technical Advisory Group Issue Paper

AGENDA ITEM: TAGED17 - 03
27 February 2024 – Video Conference

Illustrative Financial Statements

Summary	The paper presents the illustrative financial statements, which demonstrate the proposed presentation and disclosure requirements.
Purpose/Objective of the paper	The paper provides a simplified set of financial statements to illustrate the primary statements and the notes to the accounts required by the proposals in INPAG. The paper seeks the TAG members' views on these illustrative financial statements.
Other supporting items	None
Prepared by	Paul Mason
Actions for this meeting	<p><u>Comment and advise</u> on:</p> <ul style="list-style-type: none">• The format of the Statements of Income and Expenses, Financial Position, Cash Flows, and Changes in Net Assets• The format and level of detail of the Notes to the Financial Statements• Issues identified by the initial review of the responses to the INPAG sections covering the financial statements in ED 1

Technical Advisory Group

Illustrative Financial Statements

1. Introduction

- 1.1 At its November 2023 meeting, the TAG considered a first draft of the illustrative financial statements.
- 1.2 The illustrative financial statements included in Annex A to this paper build on the illustrative financial statements presented at the November 2023 meeting. These now include additional notes that were not included in the first draft, and comparative figures for all notes.
- 1.3 While the transactions used in the preparing the first draft have been carried forward to this version, the figures are not directly comparable as additional transactions have been included to illustrate a wider range of transactions, particularly for the additional notes.

2. Responses to ED 1

- 2.1 The initial review of the responses to ED 1 showed that the proposals for the financial statements were generally supported, albeit with some caveats which are discussed below. The Secretariat will revisit the responses in the light of responses to the revenue section (ED 2) and the classification of expenses (ED 3).

Presentation of funds with and without restrictions

- 2.2 While a significant majority of respondents to ED 1 supported the presentation of funds with and without restrictions on the face of the Statement of Income and Expenses, some respondents had concerns that this presentation would require too many columns, and may confuse users.
- 2.3 These concerns were prevalent in outreach events, and the TAG has already agreed that INPAG should not require the presentation of funds with and without restrictions on the face of the Statement of Income and Expenses.
- 2.4 Consequently, the illustrative financial statements present, for each item in the Statement of Income and Expenses, the current and comparative years

only. Funds with and without restrictions are presented in the Statement of Changes in Net Assets and in the movement in funds note.

Presentation of capital grants in the Statement of Cash Flows

- 2.5 ED 1 proposed presenting the receipt of “grants and donations whose use is restricted to the acquisition or construction of property, plant and equipment, intangible assets and other long-term assets” as cash receipts from investing activities in the Statement of Cash Flows.
- 2.6 While most respondents agreed with this proposal, a significant minority disagreed. These respondents noted that such grants and donations did not meet the definition of investing activities (“The acquisition and disposal of long-term assets and other investments not included in cash equivalents.”).
- 2.7 These respondents suggested that such grants should be presented as operating activities or, in a minority of cases, financing activities.
- 2.8 The Secretariat note that such grants would not meet the definition of financing activities (“Activities that result in changes in the size and composition of the equity and borrowings of the entity.”).
- 2.9 When ED 1 was being developed, consideration was being given to whether the cash flow statement could be used as the basis of the additional statement intended to meet donors’ needs. The presentation of capital grants was considered to support this objective.
- 2.10 The Secretariat consider that the proposed presentation is appropriate given the significance of capital grants to NPOs, and the illustrative financial statements therefore adopt this presentation.
- 2.11 If the TAG disagrees, an alternative would be to require capital grants to be presented as a separate line, either as part of operating activities or financing activities.

Question 1: Do TAG members agree that capital grants should be presented as part of investing activities? If not, where should they be presented?

Budget information as comparative information

- 2.12 A small number of respondents to ED 1 suggested that, rather than showing the previous financial year as the comparative figures, the NPO’s budget should be shown as the comparative figures.



- 2.13 These respondents considered that budget information would be more useful to users of the financial statements in assessing the NPO's performance, as activities may not be consistent from year to year, especially if grants are recognised in one year and the related expenses in subsequent years. Some respondents also noted that a comparison with the budget is a requirement under IPSAS where the budget has been made public.
- 2.14 The Secretariat note that IPSAS would only permit budget information to be presented in the statement of income and expenses if the budget was prepared on the same basis as the financial statements. This would mean the budget would need to be prepared on a full accrual basis. For consolidated financial statements, the budget would also need to cover all the entities included in the consolidated financial statements. The budget would also need to be published ahead of the financial year. The Secretariat consider it unlikely that all NPOs would be in this position.
- 2.15 This was further discussed by the TAG in considering the disclosure requirements for the classification of expenses. The prevailing view was that this was a matter for narrative reporting and not for the financial statements.
- 2.16 For these reasons, the Secretariat does not support including budget information as the comparative figures in the Statement of Income and Expenses. As noted above, some NPOs may wish to discuss the comparison with the budget in the analysis of the NPO's financial statements section of the narrative report, and the Secretariat consider this would be the appropriate location for any comparison.

Question 2: Do TAG members agree with the recommendation that budget information is not included as comparative information in the Statement of Income and Expenses?

3. Illustrative financial statements

- 3.1 The illustrative financial statements are shown in Annex A. TAG members are asked to review the statements and provide comments on any areas where further development is required.
- 3.2 In particular, TAG members are asked to consider the following points:
- (a) Do the financial statements cover a representative range of transactions?
If not, what additional transactions are required?



- (b) Are the notes to the financial statements complete? If not, what additional notes are required?
- (c) Do the notes provide sufficient information about donated assets and inventories, and assets purchased with grant funding?
- (d) Should EGA's that are in progress, but where no obligations have been met be included in the movement in funds note, as all the values will be zero?
- (e) Is it useful to include all of the information in Note 10 for operating expenses, which goes beyond the requirements of Section 24 Part II and Section 37, but is an example of better practice?
- (f) Are the notes that contain narrative information (for example, accounting policies and significant judgments) appropriate for NPOs?

Question 3: What comments do TAG members have on the illustrative financial statements?

4. Supporting information

- 4.1 The illustrative financial statements have been prepared in a spreadsheet (circulated separately) that includes simplified double entry accounts for each transaction. The Secretariat considers that stakeholders may find this helpful in understanding the preparation of the financial statements, and propose making the spreadsheet available as part of the consultation on ED3.

Question 4: Do TAG members support making the spreadsheet available as part of the consultation on ED 3?

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Annex A – Illustrative Financial Statements

NPO A

Year ended 31 December 2022



Statement of Income and Expenses

	Note	Year ended 31 December 2022 CU000s	Year ended 31 December 2021 CU000s
Income			
<i>Revenue from grants and donations</i>			
Enforceable grant arrangements	4,5	74	0
Other funding arrangements with restrictions	4,6	380	300
Other grants and donations	6	925	1,500
Donations in-kind	7	142	145
		<hr/>	<hr/>
		1,521	1,945
<i>Revenue from goods and services</i>			
Respite care	8	372	500
Educational activities	8	150	80
		<hr/>	<hr/>
		522	580
<i>Other income</i>			
Interest receivable		0	0
		<hr/>	<hr/>
Total income		2,043	2,525
Expenses			
<i>Operational expenses</i>			
Staff costs		1,126	1,053
Value of services provided by volunteers	7	80	75
Rent, rates and utilities		144	111
Medical supplies	12	315	335
Research and development		45	0
Depreciation and amortisation	11	77	40
Impairment of inventories	12	0	5
Other expenses		271	228
		<hr/>	<hr/>
		2,058	1,847
<i>Expenses on grants and donations</i>			
Grants made	9	100	200
<i>Other expenses</i>			
Interest payable	15,16	3	6
		<hr/>	<hr/>
Total Expenses	10	2,161	2,053
Operating surplus/(deficit)		(118)	472
Gain/(loss) on disposal of tangible assets	11	(4)	2
Foreign exchange gain/(loss)	5	5	0
		<hr/>	<hr/>
Total surplus/(deficit)		(117)	474



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Statement of Financial Position

	Note	As At 31 December 2022 CU000s	As At 31 December 2021 CU000s
Non-current assets			
Property, plant and equipment	11	940	1,000
Intangible assets	11	55	50
		<hr/>	<hr/>
		995	1,050
Current assets			
Inventory	12	57	50
WIP - EGA	5	150	0
WIP - Contract assets	8	2	0
Prepayment - EGA	9	50	0
Other receivables	13	10	0
Cash held in foreign currencies	14	0	20
Cash	14	199	564
		<hr/>	<hr/>
		468	634
Current liabilities			
Liabilities -EGA	5	18	20
Contract receipts in advance	8	10	0
Other liabilities	15,16	106	223
		<hr/>	<hr/>
		134	243
Non-current liabilities			
Members' shares	17	45	40
		<hr/>	<hr/>
Net assets		1,284	1,401
Funds			
Unrestricted funds	4	730	1,076
Restricted funds	4	554	325
		<hr/>	<hr/>
Net assets		1,284	1,401



Statement of Changes in Net Assets

	Note	Unrestricted funds CU000s	Restricted funds CU000s	Total funds CU000s
Opening balance at 1 January 2022	4	1,076	325	1,401
Total surplus/(deficit) in the year	4	(351)	234	(117)
Movement between funds	4	5	(5)	0
Closing balance at 31 December 2022	4	730	554	1,284
<hr/>				
Opening balance at 1 January 2021	4	902	25	927
Total surplus/(deficit) in the year	4	174	300	474
Movement between funds	4	0	0	0
Closing balance at 31 December 2021	4	1,076	325	1,401



Statement of Cash Flows

Direct method (option)	Note	Year ended 31 December 2022 CU000s	Year ended 31 December 2021 CU000s
Operating activities			
Receipts from grants and donations	5,6	1,377	1,670
Receipts from goods and services	8	520	560
Interest receipts		0	0
Other receipts		0	0
Staff costs		(1,233)	(1,005)
Rent, rates and utilities		(149)	(81)
Medical supplies		(272)	(230)
Research and development		(45)	0
Grants given	9	(150)	(200)
Interest payments	15	(6)	(6)
Other payments		(308)	(221)
		<u>(266)</u>	<u>487</u>
Investing activities			
Payments for tangible assets	11	(65)	(235)
Payments for intangible assets	11	(10)	0
Payment of grants for tangible assets	6	0	150
Receipts from disposals	11	46	52
		<u>(29)</u>	<u>(33)</u>
Financing activities			
Repayment of borrowings	15,16	(100)	0
Member shares redeemed	17	0	(5)
Member shares issued	17	5	15
		<u>(95)</u>	<u>10</u>
Movement in cash			
		<u>(390)</u>	<u>464</u>
Opening cash and cash equivalents		584	120
Movement if cash and cash equivalent		(390)	464
Foreign exchange differences		5	0
Closing cash and cash equivalents	14	<u>199</u>	<u>584</u>



Statement of Cash Flows

Indirect method option	Note	Year ended 31 December 2022 CU000s	Year ended 31 December 2021 CU000s
Operating activities			
Total surplus/(deficit)		(117)	474
<i>Non-cash income and expenses</i>			
Depreciation and amortisation		77	40
(Gain)/loss on foreign exchange		(5)	0
Grants for/donations of assets		(12)	(150)
<i>Cash flows included in investing activities</i>			
Gain/loss on disposal of PPE		4	(2)
<i>Changes in operating assets and liabilities</i>			
Increase/decrease in inventories		(7)	40
increase/decrease in WIP		(152)	0
Increase/decrease in other current assets		(60)	0
Increase/decrease in other current liabilities		8	0
Increase/decrease in operational creditors		8	37
Increase/decrease in accruals		(10)	48
		<u>(266)</u>	<u>487</u>
Investing activities			
Acquisition of tangible assets	11	(65)	(235)
Acquisition of intangible assets	11	(10)	0
Grants for tangible assets	6	0	150
Disposals	11	46	52
		<u>(29)</u>	<u>(33)</u>
Financing activities			
Repayment of borrowings	15,16	(100)	0
Member shares redeemed	17	0	(5)
Member shares issued	17	5	15
		<u>(95)</u>	<u>10</u>
Movement in cash			
		<u>(390)</u>	<u>464</u>
Opening cash and cash equivalents		584	120
Movement if cash and cash equivalent		(390)	464
Foreign exchange differences		5	0
Closing cash and cash equivalents	14	<u>199</u>	<u>584</u>

Notes to the financial statements

Note 1: General Information

NPO A is established to carry out research into respiratory diseases and to support individuals and families who suffer from these diseases. Most of its activities are carried out in Country Z but it also has operations in Country Y and Country X. Its registered office is at x_____, Country Z.

NPO A's financial reporting year is from 1 January to 31 December.

Note 2: Basis of preparation and accounting policies

These financial statements have been prepared in accordance with INPAG as directed by Country Z's regulator They are presented in the currency units (CU) of Country Z.

Revenue recognition

Revenue from grants and donations is recognised in accordance with the nature of the grant or donation.

Revenue from grants that NPO A is only entitled to after satisfying the obligations imposed by the grant agreement is recognised as the obligation is satisfied, which may be over time or at a point in time. Amounts received prior to the obligation being satisfied are reported as a liability until the obligation is satisfied. Costs incurred in satisfying the obligation prior to amounts being received are reported as work in progress, and recognised as an expense when the revenue is recognised.

Revenue from grants that do not have such obligations are recognised when the amounts are received.

Revenue from the sale of goods is recognised when the services are delivered. Revenue is measured at the fair value of the consideration received or receivable.

Services received from volunteers

NPO A receives services from volunteers to run its counselling telephone service. These services are critical to our mission. Mission critical services are recognised as revenue and an expense at the point they are received. The volunteer's time is valued at its fair value by reference to the market salary of a junior counsellor.



Where voluntary services are received that are not critical to our mission, these are not recognised as revenue and an expense, but are disclosed in the notes to financial statements, in line with the exception permitted by INPAG.

Grant expenses

Grant expenses are recognised in accordance with the nature of the grant given by **NPO A**.

Expenses from grants where NPO A has a right to have the recipient satisfy obligations imposed by the grant agreement are recognised as the obligation is satisfied, which may be over time or at a point in time. Amounts paid prior to the obligation being satisfied are reported as a prepayment until the obligation is satisfied. A liability is recognised for obligations that have been satisfied, in whole or in part, prior to payment being made.

Expenses from grants that do not have such obligations are recognised when the amounts are paid.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. Assets are depreciated over the following periods:

Buildings: 40 - 60 years

Vehicles: 1 - 5 years

Equipment: 3 - 6 years.

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.



Intangible assets

Intangible assets are specialised software that is stated at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets are amortised over their useful life where they have a finite life, or assessed for impairment where they have an indefinite life.

Impairment of assets

At each reporting date, property, plant and equipment and intangible assets are reviewed for indications that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount and an impairment loss is recognised immediately in surplus or deficit. Similarly, at each reporting date, inventories are assessed for impairment by comparing the carrying amount of each item of inventory (or group of similar items) with its selling price less costs to complete and sell. If an item of inventory is impaired, its carrying amount is reduced to selling price less costs to complete and sell, and an impairment loss is recognised immediately in surplus or deficit.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories). However, the carrying amount is not increased in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in surplus or deficit.

Inventories

Inventories are stated at the lower of cost and selling price less costs to complete and sell (or cost, adjusted for any loss of service potential where inventories are held for distribution to service recipients. Cost is calculated using the first-in, first-out (FIFO) method.

Inventories of medical supplies are received through donations. These items often have a short shelf life and may not be used before expiry. Consequently, **NPO A** only recognises these items as revenue and an expense when they are distributed to service recipients, or used by **NPO A**, in line with the exception permitted by INPAG.



Receivables

Receivables are measured at cost, except when the amounts are not expected to be received within one year. In such instances, receivables are measured at amortised cost using the effective interest method.

Bank loans

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Note 3: Key sources of estimation uncertainty

Grants (both received and paid) may impose obligations on the recipient, with revenue or expenses only being recognised as the obligations are satisfied. For grants that are recognised over time, estimating the percentage of the obligation that has been satisfied may require a significant level of estimation, particularly where the obligation is based on output measures such as achieving an objective.

Note 4: Movement in funds

	Opening balance at 1 January 2022 CU000s	Income CU000s	Expenses CU000s	Other charges CU000s	Transfers CU000s	C at
Funds with restrictions						
<i>Enforceable grant arrangements</i>						
Longitudinal study - Covid	0	54	(80)	0	0	
Covid database	0	20	(25)	5	0	
<i>Other funding arrangements</i>						
Asthma research	0	100	(50)	0	0	
Long-covid campaign	0	230	(30)	0	0	
Website development	0	50	0	0	0	
Bronchitis research	100	0	(10)	0	0	
Emphysema research	50	0	(10)	0	0	
Equipment	150	0	(30)	0	0	
Other	25	12	(2)	0	(5)	
Total funds with restrictions	325	466	(237)	5	(5)	
Funds without restrictions						
<i>Designated funds</i>						
Capital improvement works	50	0	0	0	0	
Website development	0	0	0	0	10	
<i>General funds</i>						
	1,026	1,577	(1,924)	(4)	(5)	
Total funds without restrictions	1,076	1,577	(1,924)	(4)	5	730



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	Opening balance at 1 January 2021	Income	Expenses	Other charges	Transfers	Closing balance at 31 December 2021
	CU000s	CU000s	CU000s	CU000s	CU000s	CU000s
Funds with restrictions						
<i>Other funding arrangements</i>						
Bronchitis research	0	100	0	0	0	100
Emphysema research	0	50	0	0	0	50
Equipment	0	150	0	0	0	150
Other	25	0	0	0	0	25
Total funds with restrictions	25	300	0	0	0	325
Funds without restrictions						
<i>Designated funds</i>						
Capital improvement works	50	0	0	0	0	50
<i>General funds</i>	852	2,225	(2,053)	2	0	1,026
Total funds without restrictions	902	2,225	(2,053)	2	0	1,076



Note 5: Revenue from Enforceable Grant Arrangements

Enforceable grant arrangement work in progress

	Research – short term Covid impacts CU000s
Balance 1 January 2021	0
Amounts received	0
Work in progress	0
Balance 31 December 2021	<u>0</u>
Amounts received	0
Work in progress	150
Balance 31 December 2022	<u><u>150</u></u>

Enforceable grant arrangement liabilities

	Covid database CU000s	Longitudinal study CU000s
Balance 1 January 2021	0	0
Amounts received	(20)	0
Revenue recognised	0	0
Balance 31 December 2021	<u>(20)</u>	<u>0</u>
Amounts received	0	(72)
Revenue recognised	20	54
Balance 31 December 2022	<u><u>0</u></u>	<u><u>(18)</u></u>



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<i>Revenue from EGAs recognised in the year</i>	2022 CU000s	2021 CU000s
Longitudinal study – Covid	54	0
Covid database	20	0
Research - short term Covid impacts	0	0

On 1 April 2022 a grant of CU1,000,000 was awarded by the government for a 10 year longitudinal study to examine the longer term outcomes of Covid 19. CU72,000 is payable on 1 April of each year to cover staff costs. The balance will be paid when the final report is accepted by the government. The payment for the first 12 months (CU72,000) covering April - December 2022 was received in April 2022. Revenue of CU54,000 (9/12 of the year) is recognised over time as staff are employed. Additional expenses were incurred as part of start up arrangements and are expected to be recoverable. Any irrecoverable amounts will be funded from funds without restrictions.

A grant of CX50,000 was received on 1 December 2021 from County X (CX being Country X's currency) for the development of a database. The database was completed on 30 June 2022. A change in the exchange rate between receipt, the date of completing the grant obligation and transferring the funds resulted in a foreign exchange gain of CU5,000, which has been used to fund the expenses.

A government grant of CU300,000 was awarded in 2022 to research the short term impact of Covid 19. This grant is payable once the report has been accepted by the government. At the end of the reporting period it was estimated that the report was 75% complete. The report is expected to be accepted by December 2023. Costs of CU150,000 have been incurred and these have been included as an EGA asset (work in progress). Work in progress is reviewed each year for impairment.



Note 6: Revenue from other funding arrangements (grants and donations)

Other funding arrangements with restrictions

	31-Dec-22	31-Dec-21
	CU000s	CU000s
Asthma research	100	0
Bronchitis research	0	100
Emphysema research	0	50
Equipment	0	150
Long-covid campaign	230	0
Website development	50	0
	<u>380</u>	<u>300</u>

Funding for asthma research, bronchitis research and website development has been provided through agreements with donors. The grant funding, and associated expenses, are reported in separate funds to highlight the limitations on the use of these grants.

The long-covid fundraising campaign was launched in September 2022. As part of the campaign, we committed to only using the funding raised for research on long-covid. As a consequence the funds raised and the associated expenses are shown in a separate fund.

In 2021, a donor provided funding to be used to purchase equipment to be used in medical research. The grant was used to fund the purchase of equipment in 2021 (see note 11).

Grants and donations without restrictions

	31-Dec-22	31-Dec-21
	CU000s	CU000s
Government grants	250	1,250
Public donations	675	250
	<u>925</u>	<u>1,500</u>

Government grants have been provided to support our recurring expenditure. An additional grant of CU1,000k was provided in 2021 as a consequence of the pandemic.

Public donations have been received through various means outside campaigns for specific purposes. The donations may be used for any part of our mission.



Note 7: Donations in-kind

	31-Dec-22	31-Dec-22	31-Dec-21	31-Dec-21
	Income	Expenses	Income	Expenses
	CU000s	CU000s	CU000s	CU000s
Asthma medication	50	50	70	70
Counsellors	80	80	75	75
Minibus	12	2	0	0
	142	132	145	145

Asthma medication 10,000 units of asthma medication were donated to **NPO A** in 2022. 8,000 units of medication were used and valued with reference to the market price, which reduces as the expiry date gets closer. Expenses are reported as part of medical supplies.

Counsellors 15 volunteers provide the counselling service. These volunteers operate on a rota overseen by a member of staff. Their services are critical to the provision of counselling to those suffering with respiratory diseases. As a consequence, the time donated by volunteers is recognised in the financial statements. The volunteer's time is valued with reference to the market salary of a junior counsellor.

Minibus A minibus with a value of CU12,000 was donated to **NPO A** to transport members to and from respite care. It is included in a fund with other grant funded assets that have restriction in funds with restrictions. Depreciation of CU2,000 has been recognised as an expense in 2022.

Amounts not recognised in the financial statements:

A foreign medical professional provided voluntary nursing services for 3 months during 2022. We estimate that if this voluntary time had been provided by a local nurse the cost would have been approximately CU10,000. Consistent with our policy to only recognise mission critical services this is not recognised in the financial statements.



Note 8: Revenue from contracts

<i>Revenue recognised in year</i>	2022 <i>CU000s</i>	2021 <i>CU000s</i>
Respite care	372	500
Education services	150	80

NPO A provides respite care at a subsidised rate. Respite care is charged on an agreed day rate. Some contracts for long-established clients are invoiced in arrears. Where contracts are invoiced in arrears, a contract asset (work in progress) is recognised for a proportion of the costs (based on the level of subsidy), with the remaining costs expensed as they are incurred. Once a respite period is complete, work in progress is recognised as a receivable.

NPO A provides education courses and other education services related to its mission. While contracts are all negotiated individually, all are charged on an agreed day rate, which must be paid in advance of the services being provided.

Contract assets (work in progress)

	Respite care
Balance 1 January 2021	0
Amounts recognised as revenue	200
Amounts received	(200)
Recognised as a receivable	0
Balance 31 December 2021	<u>0</u>
Amounts recognised as revenue	200
Amounts received	(188)
Recognised as a receivable	(10)
Balance 31 December 2022	<u><u>2</u></u>



Contract liabilities (receipts in advance)

	Respite care CU000s	Education services CU000s
Balance 1 January 2021	(20)	0
Amounts received	(280)	(80)
Amounts recognised as revenue	300	80
Balance 31 December 2021	0	0
Amounts received	(182)	(150)
Amounts recognised as revenue	172	150
Balance 31 December 2022	(10)	0

Note 9: Grant expenses

	2022 CU000s	2021 CU000s
<i>Grant</i>		
Residential adjustment grants	50	200
Covid research	50	0

Grants of CU500 made to individuals to purchase equipment for residential adjustments to assist qualifying individuals with their ongoing wellbeing.

We entered into a grant arrangement in 2022 with NPO B in Country X and NPO C in Country Y to carry out research into the short term impacts of covid in individuals with pre-existing respiratory diseases in Country X each for CU50,000. Payment of the grants were made when the agreements were signed. NPO B's grant requirements have not yet been satisfied and no expense has been recognised. The report by NPO C had been accepted and the expense has been recognised in full.

Enforceable grant arrangement assets (grant expenses)

	Covid research: Country Y CU000s	Covid research: Country X CU000s
Balance 1 January 2021	0	0
Grant payments made	0	0
Amounts recognised as expense (purpose met)	0	0
Balance 31 December 2021	0	0
Grant payments made	50	50
Amounts recognised as expense (purpose met)	(50)	0
Balance 31 December 2022	0	50



Note 10: Operating expenses

	31-Dec-22	31-Dec-21
	CU000s	CU000s
Missional activities	1,972	1,857
Fundraising costs	35	62
Support costs	154	134
	<u>2,161</u>	<u>2,053</u>

Missional activities are those activities that directly benefit those that use the services provided or activities that develop the understanding of respiratory diseases and their impact on individuals and their families. The main activities in 2022 were as follows:

	31-Dec-22	31-Dec-21
	CU000s	CU000s
Respite care programme	453	575
Education and counselling services	150	80
Research into respiratory diseases	1,132	1,002
Research related to Covid	155	0
Other	82	200
Total	<u>1,972</u>	<u>1,857</u>

Fundraising costs include CU30,000 for the costs of the public campaign to raise funds for research into long Covid. These costs covered a social media campaign and a limited print media campaign with an advertorial in local newspapers and a limited TV advertising campaign in off-peak times. These costs have been funded from the donations received from the campaign.

Fundraising costs also include CU5,000 for the cost of preparing applications for grants. During the year 6 applications for grants were made, 4 of which were successful. In none of these cases could the application costs be charged against the grant awarded.

Support costs include the costs of the finance, HR, facilities and IT teams as well as senior management. Support costs only include those costs that cannot be allocated to a missional activity or fundraising costs and are costs that support the entire operation of the NPO.



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Note 11 Non-current assets

	Land	Buildings	Vehicles	Plant and equipment	Intangible assets	Total
	CU000s	CU000s	CU000s	CU000s	CU000s	CU000s
<i>Cost</i>						
As at 1 January 2022	250	600	100	500	60	1,510
Additions	0	0	12	50	10	72
Disposals	0	0	0	(100)	0	(100)
As at 31 December 2022	250	600	112	450	70	1,482
<i>Accumulated depreciation</i>						
As at 1 January 2022	0	(100)	(50)	(300)	(10)	(460)
Charge for the year	0	(10)	(10)	(52)	(5)	(77)
Disposals	0	0	0	50	0	50
Closing balance 31 December 2022	0	(110)	(60)	(302)	(15)	(487)
<i>Net book values</i>						
Brought forward at 1 January 2022	250	500	50	200	50	1,050
Carried forward at 31 December 2022	250	490	52	148	55	995



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	Land	Buildings	Vehicles	Plant and equipment	Intangible assets	Total
	CU000s	CU000s	CU000s	CU000s	CU000s	CU000s
<i>Cost</i>						
As at 1 January 2021	250	510	90	450	60	1,360
Additions	0	90	10	150	0	250
Disposals	0	0	0	(100)	0	(100)
As at 31 December 2021	250	600	100	500	60	1,510
<i>Accumulated depreciation</i>						
As at 1 January 2021	0	(90)	(42)	(328)	(10)	(470)
Charge for the year	0	(10)	(8)	(22)	0	(40)
Disposals	0	0	0	50	0	50
Closing balance 31 December 2021	0	(100)	(50)	(300)	(10)	(460)
<i>Net book values</i>						
Brought forward at 1 January 2021	250	420	48	122	50	890
Carried forward at 31 December 2021	250	500	50	200	50	1,050

Vehicles include a minibus donated in 2022 for the transport of members to and from respite care. This vehicle is limited to those purposes until it cannot economically function. The estimated value of the minibus when it was donated was CU12,000 and has a net book value of CU10,000 at 31 December 2022.

It also included another vehicle where a use restriction expired in 2022. The vehicle has been retained at its net book value (CU5,000) and has been moved from a fund with restrictions to a fund without restrictions.

Additions to intangible assets in 2022 were funded by a donation by a corporate donor for the purposes of developing a new website. This is shown as a separate fund in Note 4 to the financial statements.

Additions to equipment in 2021 was funded by a grant from a donor. This is shown as a separate fund in Note 4.

In 2022, assets with a net book value of CU50,000 were disposed of. Sales proceeds were CU46,000. In 2021 the equivalent amounts were CU50,000 (net book value) and CU52,000 (proceeds).



Note 12: Inventories

	Medical supplies CU000s	Consumables CU000s	Total CU000s
As at 1 January 2022	40	10	50
Purchases	257	25	282
Donations	50	0	50
Utilised	(300)	(25)	(325)
As at 31 December 2022	47	10	57
As at 1 January 2021	75	15	90
Purchases	215	30	245
Donations	70	0	70
Utilised	(320)	(30)	(350)
Impairment	0	(5)	(5)
As at 31 December 2021	40	10	50

Inventories are held solely for consumption in the rendering of services.

2,000 units of inventory donated in 2022 are approaching their expiry date and it is not certain they can be used. Consistent with the accounting policy they are not recognised until and unless they are used and are therefore not included within donations in the year.

Note 13: Other receivables

	31-Dec-22 CU000s	31-Dec-21 CU000s
Operational debtors	10	0
	<u>10</u>	<u>0</u>

Note 14: Cash

	31-Dec-22 CU000s	31-Dec-21 CU000s
Cash in foreign bank accounts	0	20
Cash at bank	199	564
	<u>199</u>	<u>584</u>



Note 15: Reconciliation of liabilities arising from financing activities

	Borrowing CU000s
Balance at 1 January 2021	103
Cash Payments	(6)
Interest	6
Balance at 31 December 2021	103
Cash Payments	(106)
Interest	3
Balance at 31 December 2022	0

Note 16: Other current liabilities

	31-Dec-22 CU000s	31-Dec-21 CU000s
Borrowings	0	103
Operational creditors	65	57
Operational creditors - tangible assets	0	15
Accruals	41	48
	106	223

Note 17: Non-current liabilities

	31-Dec-22 CU000s	31-Dec-21 CU000s
Members shares at 1 January	40	30
New shares	5	15
Refunds	0	(5)
Members shares at 31 December	45	40

Members shares provide the holder of those shares with the ability to access respite care and educational services and the right to appoint members to the governance board.

Members shares do not give holders any rights to the net assets of the organisation. The value of the share is refunded when the holder leaves the respite scheme.



Note 18: Contingent liabilities

During 2022, a service recipient initiated proceedings following an adverse reaction to medication provided by **NPO A**. The claim is for CU20,000.

NPO A's legal advisors takes the view that the claim has no merit and **NPO A** intends to contest the claim. No provision has been recognised in these financial statements as management has not deemed it probable that a loss will arise.

Note 19: Events after the reporting date

On 25 January 2023 there was a flood in respite care building storage area. The cost of refurbishment is expected to be CU36,000. The reimbursements from insurance are estimated to be CU16,000.

Note 20: Related party transactions

The total remuneration of key management personnel in 2022 (including salaries and benefits) was CU105,000 (2021: CU98,000).

Board members were not remunerated and had no out of pocket expenses in 2022.

Note 21: Supplementary information

All of the information needed to prepare a whole of entity supplementary statement is available from the financial statements or the accompanying notes. All supplementary statements produced in accordance with INPAG Practice Guide 1 – Supplementary Statements reconcile to this information.

Note 22: Approval of financial statements

These financial statements were approved by the Board and authorised for issue on 10 March 2023.