



Focus Group – 2

INPAS Practice Guide 1 – Supplementary statements for donor reporting

May 2025





Agenda

Topic	Time
Welcome	00.00 – 00.05
Format of supplementary statement – feedback	00.05 – 00:15
Format of supplementary statement – discussion	00.15 – 00:35
Capital and investment costs – feedback	00.35 – 00.45
Capital and investment costs – discussion	00.45 – 00.55
Summary and close	00.55 – 00.60

Prescribed format

Statement for activity X	Note	NPO Currency
Income		
Grants and donations	1	
Other income (by type)	2	
Total income		100,000
Expenses		
Direct expenses		
Employment	3	
Travel and subsistence	4	
Supplies and materials	5	
Running costs, external services and other	6	
Services in-kind and gifts in-kind	7	
Grants payable	8	
Support costs	9	
Total expenses		80,000

Harmonised Grant Report format

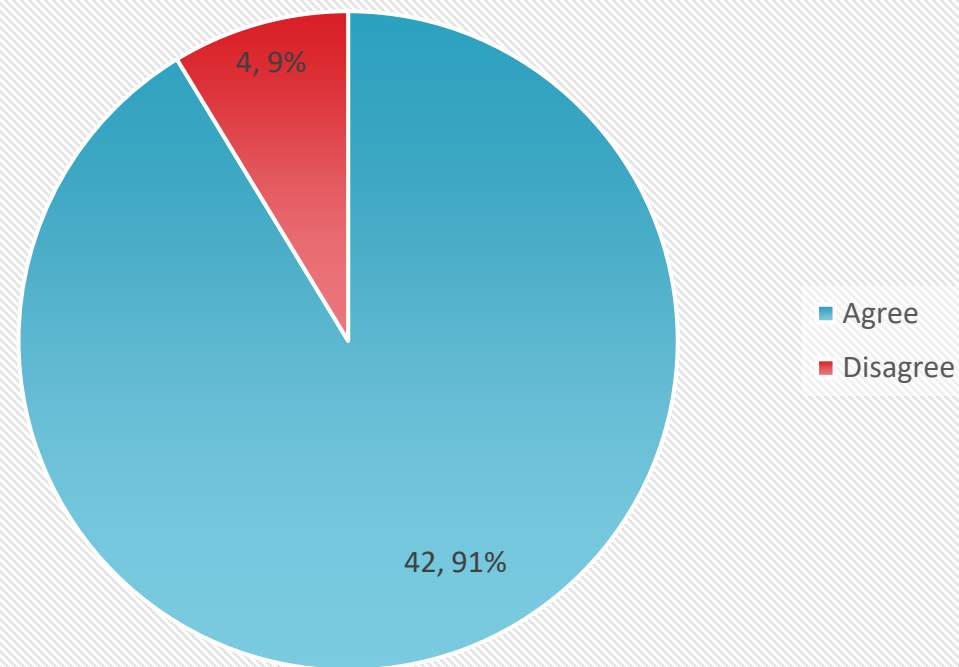
- feedback from Exposure Draft 3



INTERNATIONAL FINANCIAL REPORTING
FOR NON PROFIT ORGANISATIONS

SMC 3(c) Do you agree with the format of the Supplementary statement? If not, what would you change and why?	Response	Number	% of those who responded
	Agree	42	91%
	Disagree	4	9%
	Neither agree nor disagree	-	-
	No Response	17	-
		63	100%

Format of Supplementary Statement

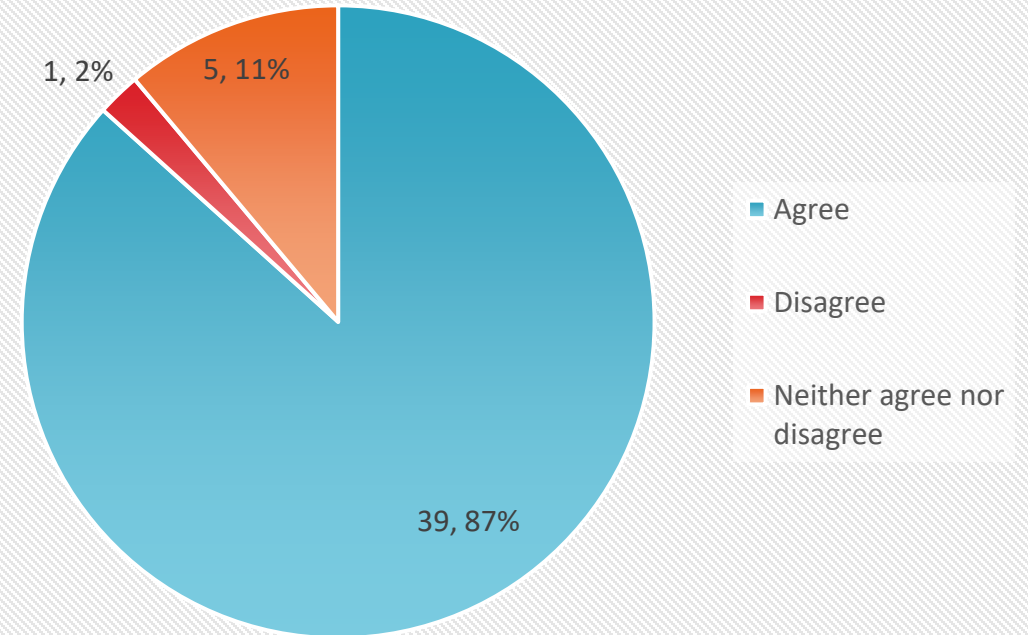


Capital and inventory costs - feedback



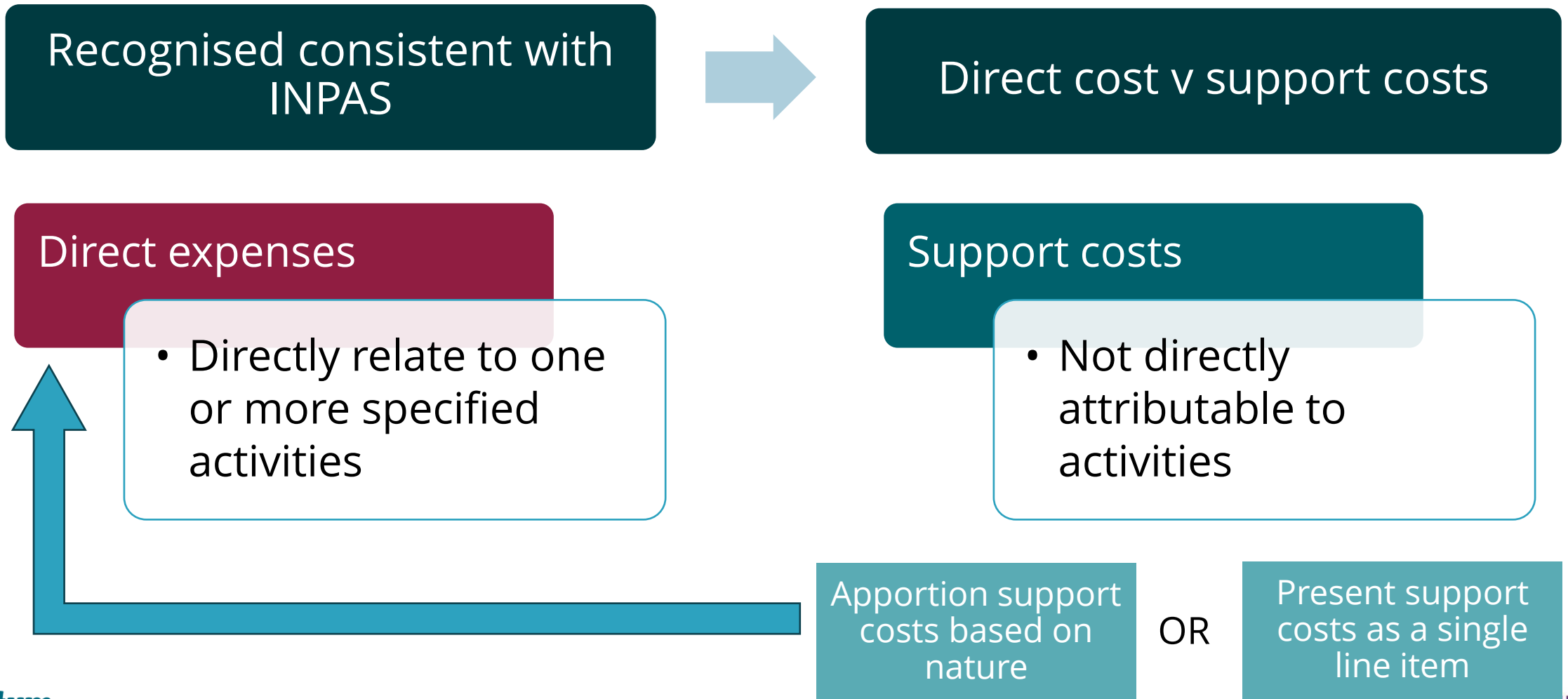
SMC 3(d) Do you agree with the options for the disclosure of capital and inventory related costs? If not, what would you change and why?	Response	Number	% of those who responded
	Agree	39	87%
	Disagree	1	2%
	Neither agree nor disagree	5	11%
	No Response	18	-
		63	100%

Capital and inventory costs





Reminder expenses – direct and support



Feedback on the format



Support for format (see previous slides)



Discussion about whether support costs should be allocated and how they should be described (eg indirect costs)



Format flexibility including use of optional columns



Other outreach discussions about some of line descriptions



Discussion about how and whether to present capital and inventory costs

What needs to change?

Original cost classification	Alternative cost classification	Coverage
Supplies and materials	No change	Amended – new types of expenses added for clarity
Running costs, external services and other	External services and other direct costs	Largely no change in coverage but some expenses types moved to supplies and materials – mainly revised description
Grants payable	Grants and donations to others	No change in coverage – revised description only

What needs to change?

- (e) *Services in-kind and gifts-in-kind* – A service such as consulting or a physical item such as equipment or inventory provided by way of donation that has been used in the direct activities, distributed or written down.

Is the scope of this clear, in terms of what it includes?

Expense Classification – Updated proposal

Expenses

Direct expenses

Employment

Travel and subsistence

Supplies and materials

Other direct expenses including external services

Services in-kind and gifts in-kind

Grants and donations to others

Support costs

Total expenses

Supplies and materials

- All direct expenses on materials required for the specified activity or activities.
- Direct expenses includes inventories that have been used, distributed or written-down in the reporting period



Equipment, furniture and materials, including depreciation on the equipment and furniture



Catering supplies and materials



Clothes, uniforms and laundry



Printing and office supplies



Expensed equipment associated with specified activities



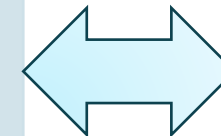
Non-staff costs of procurement and distribution including fuel, transport and haulage

Other direct expenses including external services



All other direct expenses relating to the specified activity or activities, including:

- rent and utilities and any other direct expenses relating to the use of premises (including fixtures and fittings) on the specified activity or activities
- mobile and online communications and IT
- 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 buildings and any equipment used for the specified activity or activities
- any other direct running costs including the distribution costs associated with individual grant-making



Moved office supplies and expensed equipment to supplies and materials line and clarified that this line includes all other premises expenses.



Poll 1 – Expenses classification

Do you agree with the expenses classification headings?

Yes

Yes, but ...

No

Not sure

<https://forms.office.com/e/DJt7vBMwqn>





Poll 2 – Supplies and materials

Do you agree with the description of the supplies and materials line item, are any major types of expenses missing?

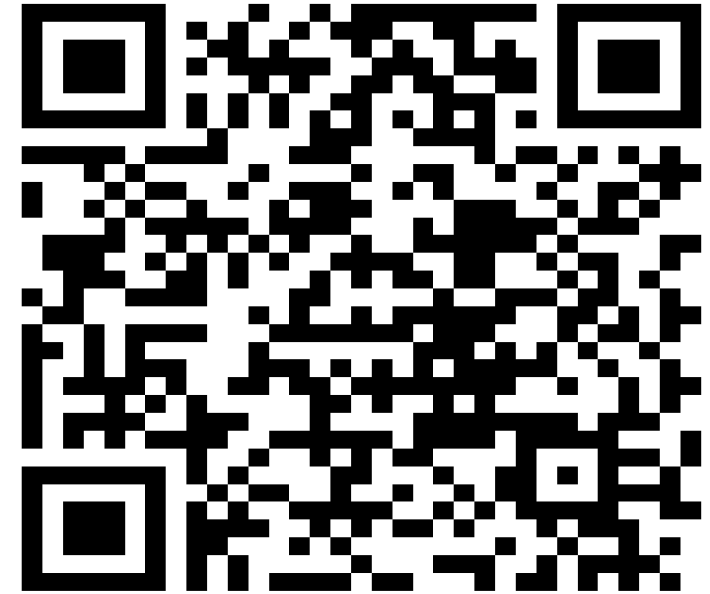
Yes

Yes, but ...

No

Not sure

<https://forms.office.com/e/0MkU4WJcd1>



Poll 3 – Other direct expenses including external services

Do you agree with the new description of the line heading for other direct expenses including external services and the main expenses types?

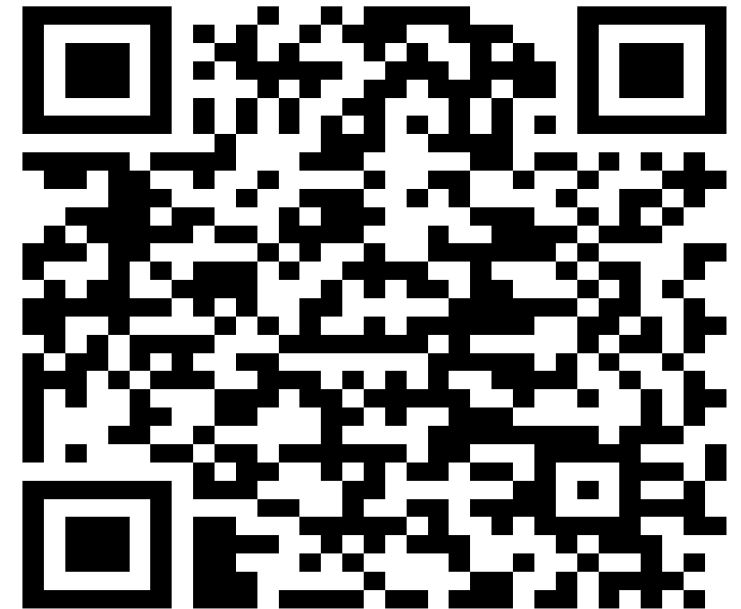
Yes

Yes, but ...

No

Not sure

<https://forms.office.com/e/LGKqSm3kQj>





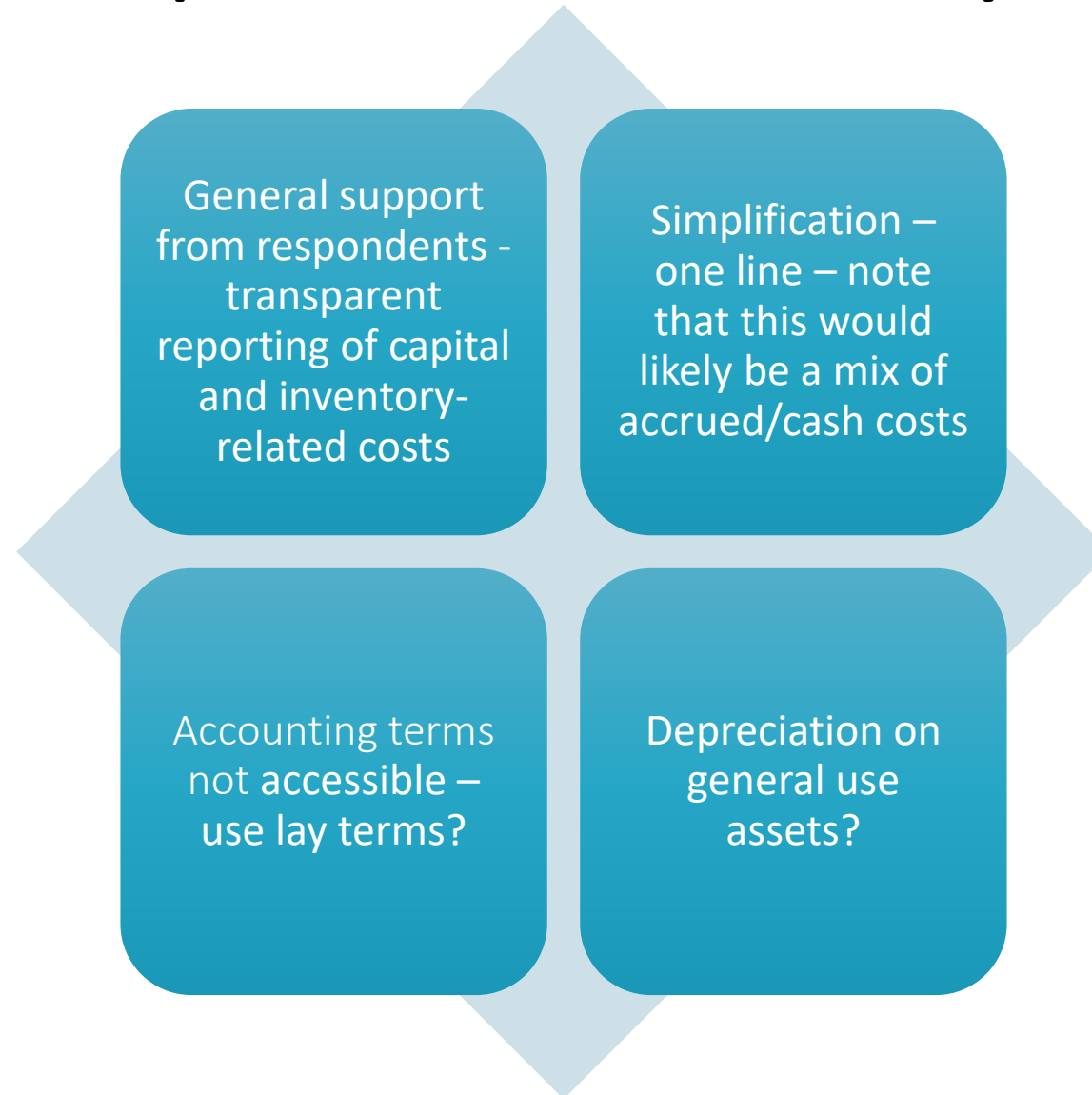
Discussion – Format of the Supplementary statement - expenses

Question 1: Do you agree with the descriptions of the new line items?

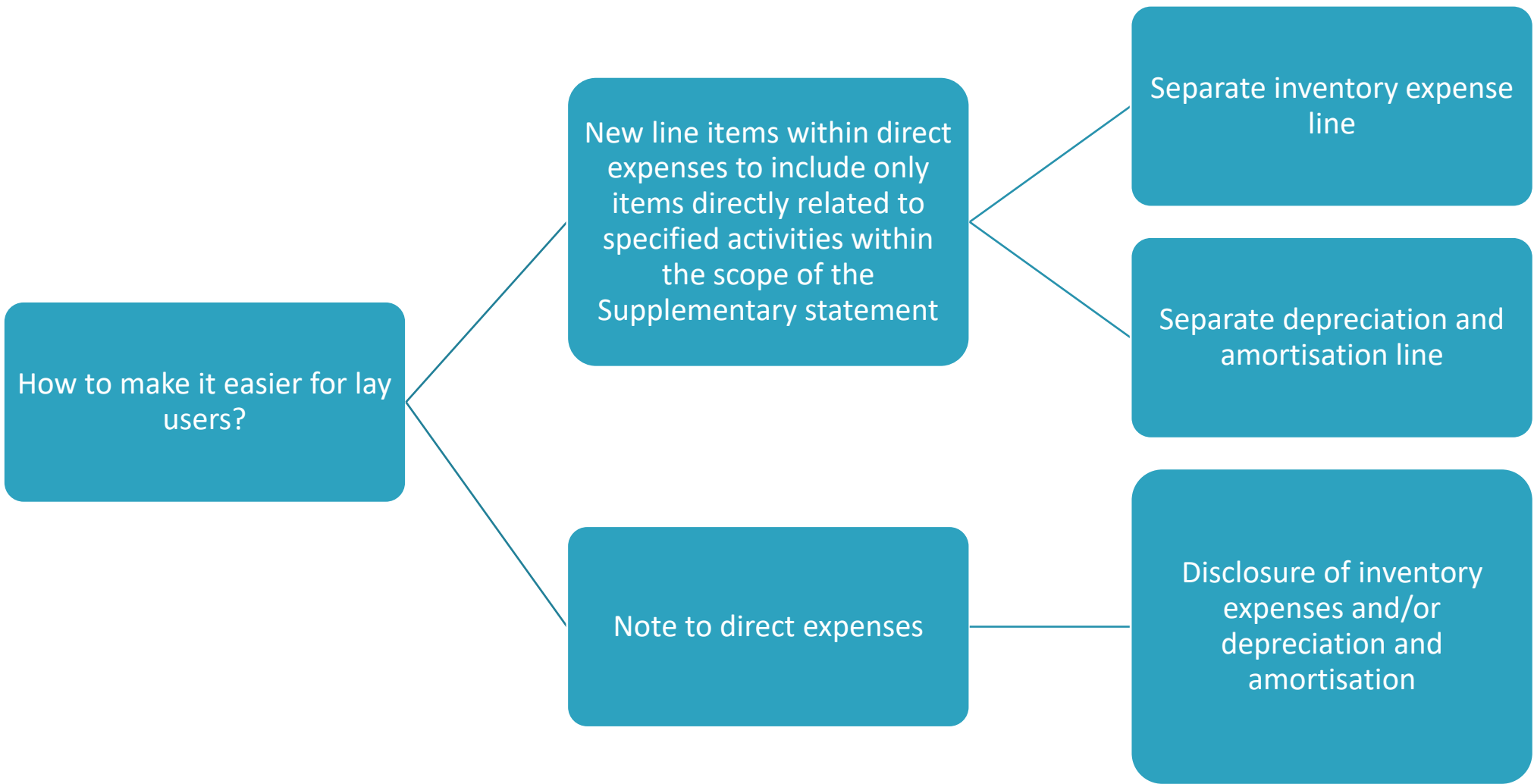
Question 2: Do you consider that the descriptions of supplies and materials and other direct expenses including external services is clear and covers all major types of expenses?



Feedback – capital and inventory costs



Making the statement more accessible



Extract for adjustment for inventory and capital costs – exposure draft

Inventory and capital costs (optional)		
Total expenses		
Less: inventory expenses		
Less: depreciation and/or amortisation charged		
Add: inventory costs incurred		
Add: capital costs incurred		
Expenses, inventory and capital costs		



Extract for adjustment for inventory and capital costs – current draft

Adjustment for inventory and capital costs (optional)

Total direct expenses

Minus: inventory expenses reported in direct expenses

Minus: depreciation and/or amortisation charged in direct expenses

Plus: cost of inventory purchased or produced

Plus: cost of capital items purchased or produced

Expenses adjusted for inventory and capital costs



Poll 4 – Capital and Inventory Costs

Should there be separate line items in the direct expense analysis for direct inventory expenses and depreciation and amortisation?

Yes,

Yes, but ...

No

Not sure.

<https://forms.office.com/e/W5LP10eFS0>





Discussion – Capital and inventory costs

Question 1: Can the presentation of the optional treatment for capital and inventory costs be improved?

Question 2: What are the advantages/disadvantages of including separate line items for amounts included in direct expenses?

Thank you for your time and expertise.
Stay connected!



INTERNATIONAL FINANCIAL REPORTING
FOR NON PROFIT ORGANISATIONS



Subscribe for newsletters
Follow us on LinkedIn
Contact us on:
IFR4NPO@cipfa.org