



2015

**Report and Financial Statements
for the year ended 31 December 2015**



In Kind Direct 
Product Giving for Social Good

2015

Report and Financial Statements for the year ended 31 December 2015

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Reference and administrative details

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Honorary Solicitors

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Status

In Kind Direct is:

- a company limited by guarantee, number 03155226.
- a charity registered in England and Wales, number 1052679.

It is governed by a Memorandum and Articles of Association dated 16 January 1996, as amended by subsequent Special Resolutions.

Supporters

In Kind Direct gratefully acknowledges support in 2015 from many individuals and organisations by way of encouragement, donated goods or services and direct funding. This support is provided by the people and organisations listed below.

Patrons

Launched in 2015, the In Kind Direct Patrons' Network recognises individuals and organisations which have made a significant financial contribution and commitment to the work of the charity.

2020 Investors' Circle

Lloyds Banking Group
Nutt, Mr & Mrs Anthony
Wilko

Diamond Patrons

Levin, Mr Vadim and Gusakova,
Ms Natalia
McBride

Patrons

Acheson & Acheson
The Garvey Foundation
Anonymous donors

Financial Supporters

Allcock Tyler, Ms Debra
Amazon Local
Cecil Pilkington Charitable
Trust
Church & Dwight UK Ltd
Florence Turner Trust
J R Corah Foundation
Lalani, Mr & Mrs Sal
Lloyds TSB Foundation
Malkin, Mr Scott
Ormsby Charitable Trust

Sir James Knott Charitable
Trust
The 29th May 1961
Charitable Trust
The Bisgood Charitable Trust
The Charles Irving Charitable
Trust
The Leslie Morgan
Charitable Foundation
The Madeline Mabey Trust
The Marsh Christian Trust

The Maud Elkington
Charitable Trust
The Morgan Charitable
Foundation
The Reed Foundation
The Santander Foundation
The Schroder Foundation
The Sobell Foundation
The Walt Disney Company
Tideman, Mrs Teresa
Trefoil Trust

Donated Services

Amazon Luxembourg
Amazon Web Services
Amazon.co.uk
Asda
Britannia Communications
Currie European Transport
Directory of Social Change
DynamicAction
Ealovega, Mr Ben
Edit-place

Garvey, Mrs Deirdre
iNet Telecoms Ltd
Jabbar, Mr Ijaz
Kroll
Lloyds Banking Group
Microsoft
Pentland Brands
Pregis Corporation
Procter & Gamble
Scalr

Technology Trust
The Prince of Wales's
Charitable Foundation
The Service Business
The Walt Disney Company
Trace, Mr Jonathan
Tulchan
Withers & Rogers

Donated Goods

Cleaning and Household

Admiral Group
Brakes
Charlie Oulton
Cleenol Group
Ecover
Flyscreen Queen
Halo Living
John Cotton
Liberty London
McBride
MNH Sustainable Cabin Services
Pacific Direct
Procter & Gamble
Project HOPE UK
Reckitt Benckiser
Shorefield Holidays
Threadneedle Investments
Unilever UK
Vi-Spring
Welspun UK
Zorlu UK Ltd
Black & Decker
Arrow Films

Clothing, footwear and sports

Berghaus
Boxfresh International
Braintree Clothing
Brand Addition
Brasher Boot Company

Bridges Community Ventures
Bunzl Greenham
Canterbury Europe
City Motor Holding
Duo Boots
Hewlett Packard
Jacques Vert Group Limited
JD Sports
Kathmandu UK Ltd
Lloyds Banking Group
Mitre Prostar
Niche Golf
NVS Music Group
Pentland Brands plc
Prostar Sports Limited
QVC
Richard Haworth
Spats Boots
Swots
The Friendly Swede
The North Face
Vans Europe

Cookware, Kitchen and Food

Cancer Research UK
Compass Group
London Bio Packaging
Lucozade Ribena Suntory
Meyer Group
Pastificio Lucio Garofalo
SpA

Portmeirion Potteries
Ten Acre
TNT - Donated Goods
United Biscuits

General Retail

Amazon.co.uk
Asda Stores
Wilko

Health and Personal Care

Acheson & Acheson
Arella Products
Beiersdorf UK
Bidvest Logistics
Bunzl Healthcare
Caroline Henry Ltd
Church & Dwight
Colgate Palmolive
Crescent Pharma
Dons Solidaires
Dynamic Merchandise
Faith in Nature
GlaxoSmithKline
GV Health
Henkel
Cosnova
Johnson & Johnson
KAO Brands Europe
Kimberly-Clark
L'Oréal
NHS Supply Chain
PZ Cussons

Royal Sanders UK
Sainsbury's
SC Johnson
SCA Hygiene Products UK
SCA Tissue Europe
The Body Shop Foundation

Office Supplies

LDA Design
Newell Rubbermaid
Pregis
Reflex Office Products
Robert Frederick
Royal Bank of Scotland

Toys, Baby and Educational

Acamar Films
Artstraws Limited
Bizzy Bitz
Cirkle
HY-PRO
Kissy Kissy
Learning Resources
Manhattan Toy
The Disney Store
Usborne Publishing
Virgin Atlantic
WOW Toys
Yellow Door

Purpose

In Kind Direct's purpose is to inspire product giving for social good.

Our 2020 Vision

Trusted... to provide needed supplies to charitable organisations at great value, enabling them to do more for communities, whilst protecting companies' brands

Admired... for the high quality, efficient service we provide to companies in handling donated goods, for inspiring product giving for social impact and for delivering quantifiable social impact returns for our funders

Recognised... by all charitable and community groups which could use our service, companies with products to give, our international network affiliates and other partners that help us deliver our work in the UK and overseas

Based on a robust financial and operating model

Key Achievements in 2015

- £12.1 million at retail value of goods distributed to charities
- Equivalent to 4,493 pallets (173 lorry loads) of goods donated for distribution
- A record 2,727 charities benefiting from our service in the year

Achievements since 1997

- £145 million at retail value of goods distributed to charities
- Over 7,700 charities have benefited from the service to date



How it works...

In Kind Direct redistributes new surplus products from leading manufacturers and retailers to UK charities and not-for-profits working at home and abroad. We store donated goods at our warehouse in Telford. Charities in our network request them online. We deliver the goods straight to charities' doors.



The difference we make



1,000
COMPANIES
GIVING

£150m
WORTH OF PRODUCTS
REDISTRIBUTED



18,000

TONNES OF PRODUCTS
DIVERTED FROM WASTE

8,000
CHARITIES HAVE
RECEIVED GOODS



MILLIONS OF
PEOPLE HELPED



USE IN KIND DIRECT
TO CLEAN AND KEEP
UP THEIR FACILITIES*

55% RUN ACTIVITIES
SUCH AS ARTS AND
CRAFTS, SPORTS,
COOKING & OUTDOOR
ACTIVITIES & EVENTS*

55%

* Source: In Kind Direct Survey 2015

Trustees' report for the year ending 31 December 2015

The Trustees, who are also the directors of the charity for the purposes of the Companies Act, present their annual report and the audited financial statements for the year ended 31 December 2015.

Public benefit, objectives and activities

The Trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission on determining the activities undertaken by a charity. The trustees are satisfied that the aims and objectives of the charity, and the activities reported on can achieve the aims and principles of public benefit.

The charity's objects are as follows:

1) to apply funds or make donations to or for such charitable institution or institutions or for such charitable purposes as the Trustees shall decide, in particular, but without limitation, by the distribution of donated goods;

2) to encourage environmentally efficient, sustainable waste management and recycling practices through the advancement of education by the collection and dissemination of information and/or the promotion of research and/or development relating to waste management and recycling.

Founded by HRH The Prince of Wales in 1996, In Kind Direct runs a unique service redistributing new surplus product from manufacturers and retailers to UK charities. We have distributed over £145 million of donated goods from 1,000 companies. Over 7,700 charities have received products to date. In Kind Direct works for the public benefit by ensuring that the expenditure of other charities on essential goods is reduced, thus stretching their scarce resources and enabling them to help millions of people in need at home and abroad, while reducing environmental damage.

Youth centres need sports equipment and toys. Women's refuges need bedding and toiletries. Homelessness and family welfare organisations need cleaning and laundry products. Every day charities struggle to raise sufficient funds to purchase essential items to sustain their operations. At the same time, companies often send the very same items to waste or landfill, either because they are deemed surplus to requirement or not fit for retail sale because of a slight cosmetic flaw in the product or packaging.

In Kind Direct provides a single contact point for companies with surplus goods to donate. We have the logistics

infrastructure and expertise to store and handle large and varied quantities of stock and distribute it to charities where it is needed most. We inspire confidence in companies to donate, by vetting all charities in our network and monitoring them closely to ensure products are used only for charitable purposes. Charities request goods via our online catalogue (www.inkinddirect.org) and the orders are delivered to their doors. They pay a handling charge for our service, ensuring goods go only where needed, preventing stockpiling, as well as providing an important contribution towards covering our costs of providing the service.

The result is an efficient, practical solution which diverts usable goods from going to waste and unlocks huge additional resource into the voluntary sector. In Kind Direct is the only charity which has taken on the administrative and logistical complexity of providing this service for consumer goods across the UK.

In addition to our core service redistributing donated surplus products from companies, In Kind Direct, along with our trading company, also helps charities to access valuable resources by negotiating discounts on new and refurbished essential products through our affiliate schemes.

In Kind Direct's work currently touches the lives of over two million disadvantaged people every year through our network of charity partners, the majority of which are small and work locally.

Our work has the following key areas of public benefit:

- **Saving charities money:** By securing goods from In Kind Direct, charities can stretch their budgets for the essential goods they need by up to ten times. This can reduce their need to fundraise and helps them become more financially resilient.
- **Helping charities improve and extend their services:** By opening up access to high quality products for charities with limited budgets, the service enables charities to improve the service they offer, do more for their beneficiaries and provide for people they may not otherwise reach.
- **Relieving hardship, building confidence and self esteem:** In Kind Direct's service enables charities to provide direct support to people experiencing financial hardship and to build confidence and self esteem amongst the vulnerable people they support.

- **Reducing waste and environmental damage:** Providing companies with a practical and secure way to donate usable surplus product reduces external recycling and landfill and enables a more circular economy of resource use.

Achievements and performance

Against a continuing difficult economic and social backdrop, In Kind Direct has continued to deliver an important service to charities, as well as acting as an enabler in helping companies to deliver their corporate responsibility goals.

2015 was the first year of our new strategic plan, which sets out our ambition for 2020 and detail of our goals and plans for the three year period 2015 to 2017. In 2015 we continued to increase impact for our charity partners and put in place many of the foundations needed for the coming years.

Progress against the objectives for 2015 is set out below:

1. TRUSTED: Drive savings for charities helping them to improve their impact

Key Measures	2015 Target	Achieved	
Cumulative number of charities ever receiving product at year end	7,190	7,695	✓
Savings generated for charities	£10.3m	£11.2m	✓
Average saving per charity	£4,765	£4,517	✗
Impact index score	80%	100%	✓

In 2015 we continued to see strong growth in demand for our service among voluntary and community organisations of all sizes, tackling a huge range of issues. 2,467 charities received donated products during 2015, more than in any previous year, whilst in total 2,727 charities benefited from products including those from our affiliate partners. This took the cumulative number of charities benefiting substantially ahead of our target.

The value of products distributed to charities rose to £12.1 million, generating above target total savings for charities of £11.2m (after handling charges paid are removed). The average saving per charity was slightly behind target. This was largely a function of a higher than expected number of charities joining the network and using the service which therefore spread the amount of goods donated over a larger number of benefiting charities.

Impact measurement

Throughout the year we gather information and case studies about the impact that our service generates and how it can be improved. Our impact index tracks reported levels of impact generated by charity partners against various measures as they renew their accounts annually with us. This tracked at over our target of 80% throughout the entire year.

Annually we also survey charities using the service. This year we received over 1,041 responses to our survey – higher than in any previous year.

Among the key findings of the survey looking back on 2015 were:

- 87% of respondents said that In Kind Direct had allowed them to access goods they would not otherwise be able to afford (2014 = 82%)
- 64% of respondents said that In Kind Direct helped their charity to “keep going” (2014 = 56%)
- 45% said ordering from In Kind Direct helped them to engage people they would not normally be able to engage (2014 = 28%)
- 96% of charities responding would recommend the service to other charities (2014 = 96%) More information is provided in our impact report which will be published in mid-2016.

Enhanced website, catalogue and improved user experience

Our online catalogue is the main route through which charities select and order products for charitable use and is one of the leading platforms of its type in the world. In 2015 we completed a design upgrade of the catalogue and website making it responsive and accessible across mobile devices such as tablets and phones, amongst other improvements. We continue to make iterative technical and design improvements as available and in response to feedback received.

Disney Store Partnership

In December, we repeated our successful partnership with The Disney Store to deliver c.10,000 plush toys to 153 charities in the run up to Christmas. In Kind Direct's role was to identify small, local charities which could use the toys in their Christmas projects, distribute the stock to them and gather feedback on impact generated.

Through another aspect of our work with The Disney Store, our Retail Donation Initiative, charities are matched directly with a Disney Store. Charities collect in-store surplus

“As a charity, working with In Kind Direct helps us to stretch our budget further and give our residents the everyday items they need. Some turn up on our doorsteps with nothing other than the clothes on their back. To be able to provide them with toiletries and even toys is really important.”

Gill Corp, National domestic violence charity spokesperson, Refuge



“I would like to say a big thank you. The goods do make a huge difference. We hold a party every year with more than 200 members and the Mayor. All the plates, cutlery, children’s prizes at the party were from In Kind Direct. If we didn’t have In Kind Direct we would find it very hard to survive.”

Sajida Ahmed, Chairperson, Waltham Forest Asian Mothers Group



“Working with In Kind Direct allows us to get our products to people that really need them. The benefit and the multiplier effect is absolutely fantastic.”

Andy Rubin, Chairman, Pentland Brands plc



“In Kind Direct is helping to keep St. Vincent’s running. Using In Kind Direct has saved us an absolute fortune and it means we can extend what we were doing before. You have made such a difference to our service.”

Sharon Atter, Registered Manager, SSAFA Forces Help – St Vincent’s Care Home



“In Kind Direct is a fantastic organisation to work with and makes it easy for your surplus stock to reach thousands of small charities which can really benefit from it. You can see the impact this has. I would strongly recommend to any manufacturer or retailer, whether you are small or large, to get involved.”

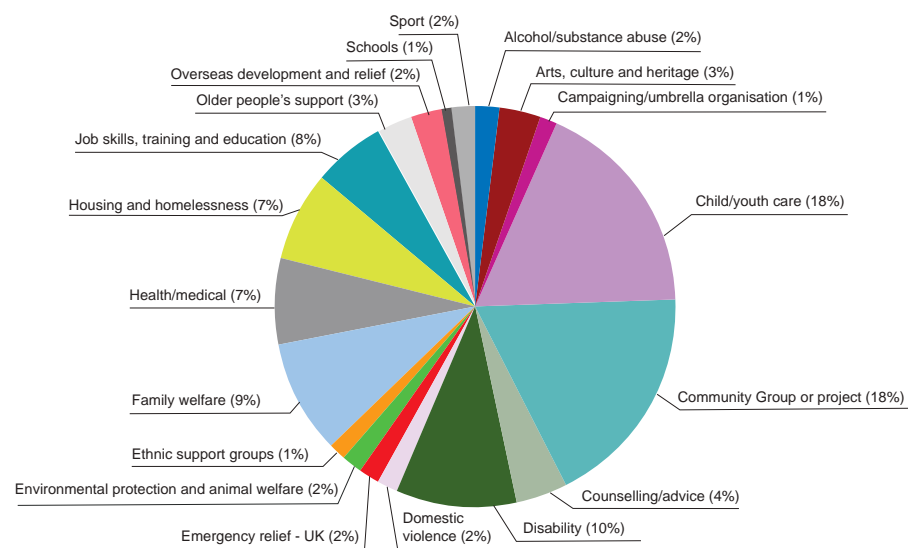
Ajay Kavan, Vice President, Amazonfresh

“We see it as a win, win win. A win for P&G as we keep our disposal costs down and get to help communities, a win for the environment and, most importantly, a win for people who get access to needed, top-branded products.”

Aimee Goldsmith, Director of Communications, P&G Northern Europe



Fig 1 Charities by focus area at April 2016



2. ADMIRE: Increase the volume and value of needed products donated

Key Measures	2015 Target	Achieved	
Volume of products donated in pallets	4,730	4,493	✗

In Kind Direct solicits and accepts goods from a wide range of manufacturers, retailers and other organisations. We develop mutually beneficial multi-level relationships with our donor companies, help them to identify where surplus may exist and strive to be front of mind for any company which has products to donate. We educate companies about the value of in-kind giving and aim to secure the range of essential consumer products required by charities. For a breakdown of the range of goods distributed, see Figure 4.

4,493 pallets of goods (equivalent to 172 lorryloads) were donated by 111 companies. This was 95% of our original volume target. We continue to receive excellent support from many of the UK's top manufacturers including: P&G, Reckitt Benckiser, Colgate Palmolive, Kimberly-Clark and Johnson & Johnson. Amazon.co.uk continues to be our top retail donor, and again donated over £750,000 in value of products in 2015, including homeware, kitchenware, toys, books and baby care items.

Fig 2 Charity network by annual income at April 2016

Among donors giving for the first time were Acheson & Acheson, Henkel, Liberty of London, GV Health, Circle, Bunzl Greenham, The Friendly Swede, Arelle Products and Artstraws. For a full list of organisations donating product in the year see page 6.

During the year we also expanded our 'partner product' scheme to provide charities with access to refurbished and discounted IT and entertainment products such as PCs, tablets, TVs and projectors. Charities seamlessly order products from our online catalogue which is shipped directly from our partner, RDC - the UK's leading IT disposal and recycling company. In Kind Direct receives a rebate on items ordered by charities via our trading company.

3. RECOGNISED: Improve awareness of our brand, driving engagement with donors, charities and funders

Key Measures	2015 Target	Achieved	
Number of charities joining the network in the year	650	1,144	✓
New donors recruited in core categories	30	46	✓

A record 1,144 charities joined the network to benefit over the course of the year – an average of 95 per month. See Figure 1 and 2 for a breakdown of the network by focus area and income level (at April 2016). We also recruited and reengaged more than our target of new donor companies, positioning us well for future growth.

Campaigns and awareness

Over the year we ran a series of themed campaigns: toys and nursery, kitchen and cookware and refugee and migrant support. Each campaign comprised direct mailings

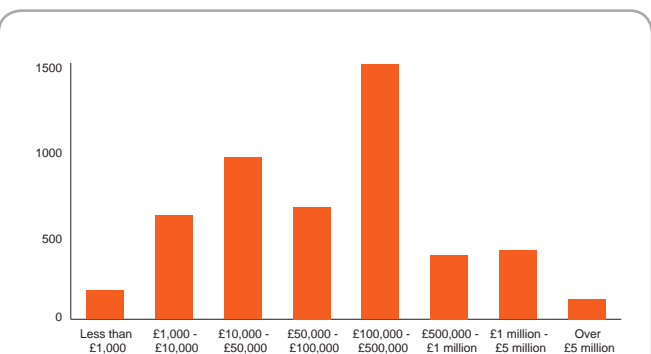


Fig 2 Charity network by annual income at April 2016

to existing and prospective donor partners backed by social media, press work and activities to raise awareness and keep our service front of mind with charities. As well as attracting new donor companies and stock donations, the campaigns proved effective in engaging our charity recipients and in encouraging existing product donors to scale up donations in relevant categories.

Events

In May we held a "Celebrating Impact" event, kindly hosted by Amazon to mark the launch of our impact report. The event was attended by supporters, representatives of our charity network company donor partners and funders.

In July, we launched our new Patrons' Network at a tea hosted by HRH The Prince of Wales at Clarence House. The event was a special opportunity for thanking a small number of significant supporters of the charity's work.

Partnerships with charities

We continue to develop partnerships with a range of third sector organisations to raise awareness of the service and benefits In Kind Direct provides. Our work with Homeless Link, Councils for Voluntary Service (CVS), the Directory of Social Change (DSC) and UK Community Foundations continued. We also established a new partnership with the National Association for Voluntary and Community Action (NAVCA) and increase activities to attract charities working in the mental health and special educational needs schools sector.

New logo and brand style

Our new logo, brand and strapline give the charity a clear, up-to-date identity and was developed with generous pro-bono support from Pentland Group. In spring we rolled this new identity out across all materials, our new responsive website and online catalogue with excellent feedback from our charity partners and other stakeholders.

In Kind Direct International Network (IKDI)

The three members of the IKDI network, In Kind Direct as founder member, Innatura in Germany and Dons Solidaires in France all continued to participate actively in the IKDI network and benefit from membership. To date, sixty six donations valued at more than £2.8m have been shared between network members.

A conference for staff and trustees of all three charities was held in October. Discussion sessions focused on donations and funding and addressed common challenges, innovation and collaboration. Work continues towards enabling the start-up of new licensees in other EU countries.

The financial results of IKDI have been consolidated in the Statement of Financial Activities and balance sheet of the In Kind Direct group, as In Kind Direct is the sole member of IKDI. This was the second year that IKDI achieved financial results.

During 2015, IKDI received the following income:

	Unrestricted	Restricted
Licence fees	£24,000	-
Donations and gift aid	£15,626	-
Grant from In Kind Direct	£20,000	-
Bank interest	£ 89	-
Total incoming resources	£59,715	-

IKDI's expenditure was as follows:

	Unrestricted	Restricted
Staff costs	£53,065	£ 7,500
Audit and accounting services	£ 1,000	-
Licence fees to IKD	£ 1,500	-
Other costs	£ 789	£ 57
Total expenditure	£56,354	£ 7,557

IKDI's reserves at the end of 2015 were:

	Unrestricted	Restricted
Balance at 1 January 2015	£19,661	£16,000
Movement during 2015	£ 3,361	(£7,557)
Balance at 31 December 2014	£23,022	£ 8,443

4. ROBUST: A clear fundraising and income generation strategy and a robust logistics and IT platform with improved organisation capacity.

Key Measures	Target	Achieved	
Raise sufficient funding to end 2015 with at least three months' operating reserves	3 months operating reserves	4.8 months operating reserves	✓
Net handling charge (after logistics costs) achieved	£396,000	£372,348	✗
£ expenditure to generate £1,000 of savings for recipient organisations	£189	£173	✓

A key plank of our forward strategy is ensuring that the charity has the resources and capacity to deliver its objectives effectively. Although this year we fell short of our target for net income from handling charges, this was more than made up for with increased income from our trading company and fundraising streams, helping the charity to end the year with above target reserves. Meanwhile, we have continued to make improvements to our logistics platform, IT and governance in order to build organisation capacity and sustain and improve resilience.

Fundraising and income generation

In Kind Direct is continuing to work towards greater financial resilience with a diversified income model. We have three main income streams:

1) Handling charges paid for our service

It's free for charities to join our network. On ordering, charities pay a handling charge for our service, which includes delivery to their doors. As well as preventing stockpiling, this income is a crucial part of our income mix.

2) Trading income

2015 was the sixth year of operations for In Kind Direct's wholly-owned trading subsidiary (Trading IK Limited). During the year, Trading IK ran several income generation projects.

One strand of the work is public sale of goods donated to In Kind Direct which are not suitable for distribution to our charity partners (which are always our first priority) or are in excess of their requirements and have a commercial value. Products are sold via eBay, directly to purchasers or via partner organisations. No product is ever considered for this route without the explicit permission of the donor company. All trading company net profits are gift aided to In Kind Direct.

Trading IK also facilitates various affiliate marketing schemes giving charities access to discounted products and services, particularly in categories where In Kind Direct struggles to secure adequate supplies of donated product. In 2015, we continued schemes with Staples Advantage and Ryman to provide discounted access to office supplies as well as the expanded scheme with IT refurbisher RDC.

3) Grants and fundraising

Another crucial plank of our income is support from grant-makers and major donors who understand and are inspired by the unique impact of In Kind Direct's work. Fundraising is important in ensuring that our service is accessible to small, under resourced charities which most need our support.

In 2015, we laid the foundations for increased regular income with the launch of our Patrons' Network and a new Network Development Committee of the Board. Becoming a patron is an opportunity for individuals and companies to invest in our plans in the run up to 2020, building on the vision of our Founder, HRH The Prince of Wales. Our patrons' generosity as supporters is absolutely core to what we do. Without their support, much of our work simply would not be possible. Our current Patrons are listed on page 5.

In October, teams of runners from Pentland Brands, Amazon and Lloyds Banking Group took part in the Royal Parks Half Marathon raising over £15,000 for the charity. After the success of this event, we plan to take part in additional fundraising challenge events in 2016.

We are hugely grateful and again extend our thanks to everyone who has provided financial support to the charity this year.

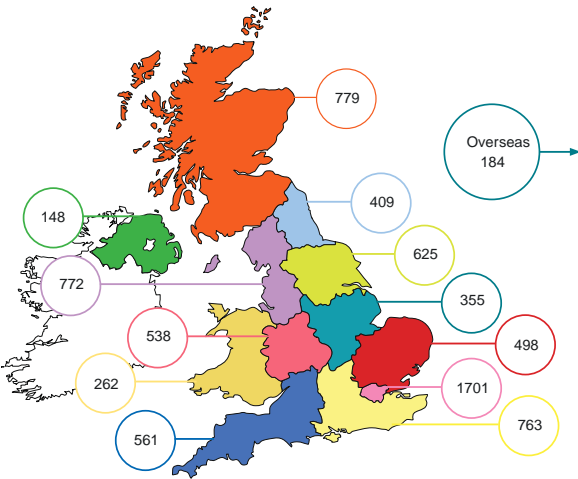
Flexible, efficient and scalable logistics platform

Because of the quantity, nature and complexity of the products we handle, In Kind Direct has unique challenges in processing stock for distribution. By their very nature, the surplus product donations we receive from companies are often hugely mixed and difficult to identify and categorise without manual sorting and reworking. This makes it near-impossible to value goods on receipt. Accordingly, goods are valued after being sorted, prepared and ready to be made available to charities.

Over our nineteen-year operational history, we have developed a deep understanding of the specific processes and strategies required to deliver an efficient service for both our donor and charity partners. Our Telford warehousing, pick and pack operation and courier management is provided by a third party contractor, The Service Business (TSB), with which we work closely to improve performance. After a review this year, In Kind Direct agreed a new five-year contract with TSB starting in 2016. The arrangements provide ongoing stability and a high quality service for our charity network. Prior investments are now bearing fruit and enabling us to deal effectively with a greater variety of products. So, for example, the new contract will have a higher picking/packing key performance indicator than before because of efficiencies arising from the introduction of a new warehouse management system.

In 2015, we continued to run our successful corporate volunteering scheme. Volunteers work intensively on

Fig 3 Number of charities ever receiving product by location (April 2016)



reworking and preparing goods for distribution, which greatly increases our capacity to deal with complex mixed stock donations. In total we organised 15 volunteer challenge days with 123 volunteers at our warehouse with teams from Lloyds Banking Group, Capgemini, Baker Tilly and Pentland Group. Our volunteering scheme continues to receive excellent feedback from participants as an enjoyable teambuilding experience and an opportunity to develop communication, problem solving and team-working skills. Many groups return to repeat the experience.

HR and IT

In Kind Direct has an experienced, stable staff team and enjoys high levels of retention. We provide a range of benefits for staff including a performance related remuneration scheme, support for further education and professional development, volunteering leave, a cycle to work and childcare voucher scheme.

We continued our successful internship scheme, providing paid placements for six to nine months. Our internships provide work experience within a dynamic work environment at our London office. Interns usually spend some time during their internship on placements at our donor companies which further enhances the experience. We are delighted that the intern scheme has helped provide a valuable starting point for individuals looking to start, or change to, a career within the sector.

In Kind Direct has high quality IT systems which enable us to provide an excellent standard of service and support to our customers and stakeholders. Among improvements made in 2015 were the introduction of new business intelligence and data analysis tools which provide additional and meaningful insights in to key data. New enterprise-grade management systems were also installed to improve operational efficiency. In addition, preparatory work was undertaken to enable the future migration of all our charity's IT infrastructure into the Amazon Web Services cloud.

Board development

In June, the Board carried out an evaluation of its effectiveness to identify areas for improvement. This resulted in various actions including: 1) streamlining of information in Board papers, communication and interaction with the Board between meetings 2) a new programme of visits by Trustees to recipient charities aimed at enhancing the Board's understanding of and visibility over the impact of the charity and 3) an agreed calendar of rolling strategic discussion topics for Board meetings.

Volunteers

In 2015 the charity once again benefited from the support of many volunteers. As well as our warehouse volunteer scheme, the charity benefited from the support of volunteer fundraisers, volunteer IT expertise and expert support on our Marketing and Network Development Committees. In Kind Direct is hugely grateful to all volunteers who supported the charity this past year.

Financial Review of 2015

In 2015 our operational and fundraised income meant we achieved above target unrestricted reserves, and we also put in place many building blocks for success in 2016.

Financial review of 2015	2015	2014	Variance
Gross handling charges	£986,614	£994,310	-£7,696 / -0.8%
Unrestricted donations	£477,638	£502,814	-£25,176 / -5.0%
Restricted donations*	£1,564,869	£99,502	+£1,465,367 / +1,472.7%
Total donations	£2,042,506	£602,316	+£1,440,190 / +239.1%
Trading company gross income	£250,412	£172,655	+£77,757 / +45.0%
Gift aid donation from trading company	£118,058	£103,941	+£14,117 / +13.6%
Charitable activity costs**	£1,856,418	£1,930,877	-£74,459 / -3.9%
Overheads	£1,243,305	£1,299,703	-£56,398 / -4.3%

*Under the new Charity SORP, the full value of the 10 year grant agreement to fund the new office has been recognised as restricted income in 2015, and the amount due over the next 9 years as an accrued restricted income asset on the group and charity balance sheets.

**This now includes governance costs under the new SORP.

In Kind Direct's logistics operations generated handling charge income of £986,614 (2014: £994,310) and Retail Donation Initiative registration fees of £5,460 (2014: £3,075). Handling charges decreased by £7,696 compared to 2014. £2,042,506 was donated to the In Kind Direct Group during 2015 (2014: £602,316), of which £477,638 was unrestricted and £1,564,869 was restricted. £109,866 of restricted funds was received during 2015 as part of the first year of a ten year grant to pay for In Kind Direct's new office at St Mary at Hill, whilst £1,359,788 represents the remaining 9 years of the grant receivable which we have recognised under the rules of the new Charity SORP. This funding covers rent, service charges, utilities, insurance and a contribution to other ancilliary costs of running and maintaining the office. In addition, £75,637 of restricted grant funding was received to pay for legal and professional fees in connection with securing the office lease, furnishing and fitting the premises and moving costs.

The proportion of funding from charitable trusts and foundations decreased during 2015 from 38.2% in 2014 to 4.2%; whilst the contribution from the corporate sector increased from 18.3% to 84.5%, due to the funding for the new office. Donations from individuals declined from 43.5% in 2014 to 11.3% in 2015. Major donor funding continues to have the potential to be a strong future funding stream.

In addition to unrestricted grants and donations, £44,783 was released from restricted funds to the general fund. The majority of this amount (£42,633) related to funding received to purchase office furniture.

Trading company income increased from £172,655 in 2014 to £250,412 in 2015. This was due to the full year of the sale of goods partnership as well as the sale of goods to other third parties (£85,327); and income

Plans for the Future

2015 was the first year of operations after our strategic review process culminating in the agreement of a new purpose, vision and ambition, setting out what In Kind Direct intends to achieve by 2020.

For 2016, our principal objectives and plans are as follows:

Objective

1. TRUSTED: Drive savings for charities helping them to improve their impact

Key measures

Cumulative number of charities ever receiving product at year end = 8,000
Savings generated for charities = £11.6m
Impact index score = 80%

2. ADMIRE: Increase the volume and value of needed products donated

Key measures

6% increase on volumes donated in 2015
>120 companies donating in the year
Reduced reliance on top donor companies

3. RECOGNISED: Improve awareness of our brand, driving engagement with donors, charities and funders

Key measures

Number of charities joining the network in the year = 850
New donor companies giving in the year = 30

4. ROBUST: A clear fundraising and income generation strategy and a robust logistics and IT platform with improved organisation capacity.

Key measures

End year with three months' minimum operating reserves
£ expenditure to generate £1,000 of savings for recipient organisations = £160
Minimum net handling charge income received=£383,924

Plans

- Run targeted campaigns, focused on attracting charities likely to make most effective use of the service
- Continual improvement and development of the service through feedback gained through our charity survey and impact work and Charity User Advisory Group.
- Improve communications to help charities make better use of the service, particularly through investing in new personalised email communications
- Continue to develop a community amongst our charity partners, helping to share best practice
- Set up a network of volunteers to support and develop the network across the regions
- Develop and deepen relationships with existing product donors in core product categories
- Inspire giving through launching new bespoke product donation projects with companies
- Recruit a Business Development Manager to secure new partnerships with donor companies
- Secure new streams of needed products through the development of affiliate partnerships
- Develop a range of partnerships with charity sector organisations.
- Outreach to new and existing company partners via integrated campaigns incorporating events, mailings, media and social media work
- Cultivate a stronger voice and presence in debates surrounding sustainability, corporate responsibility and the circular economy
- Ongoing support for the international network and In Kind Direct International
- Prepare our 20th anniversary campaign with a view to launch the campaign in early 2017
- Continue efficiency improvements at the warehouse, reducing costs wherever suitable and responding effectively to growth in throughput
- Secure and maintain new, long term support from corporate and individual patrons.
- Develop and expand the Trading IK public sales initiative and other income-earning schemes
- Continue migration to cloud computing platforms, increasing resilience and reducing costs
- Develop, support and retain our staff and volunteers

from our growing number of affiliate schemes. The dividend from the trading company to In Kind Direct increased from £103,941 in 2014 to £118,058 in 2015 due to the higher income of the trading subsidiary.

Over £12.1 million of In Kind Direct's expenditure was the value of the goods distributed to our charity partners. As discussed above, the nature and complexity of the products donated to In Kind Direct make it near-impossible to value goods at the point of receipt from donors. A further £1.86 million related to the costs of our logistics operation; the costs of maintaining our online ordering system; and the costs of In Kind Direct employees engaged in sourcing goods and servicing charity partners, as well as warehouse, distribution and office expenses. See Figure 6 for an analysis of our expenditure.

Overhead expenditure decreased by 4.3% on 2014 to £1,243,305. This decrease was largely due to the reduction of in-kind support for office accommodation and services as In Kind Direct moved to its own premises funded by a long term grant.

Structure, governance and management

In Kind Direct was founded in 1996 by HRH The Prince of Wales and is one of The Prince's Charities. As well as having its own independent memorandum and articles of association, the charity has signed a brand licence, in common with all of The Prince's Charities.

There are twelve trustees who meet quarterly as a Board, as do the Marketing Committee and the Finance and Audit Committee. With the addition of the Chairman of the charity, the latter Committee also constitutes the Remuneration Committee. There is also a Nominations Committee which meets as required. During 2015 a Network Development Committee was established to formalise and support the fundraising efforts of the charity.

New trustees are recommended by the Nominations Committee and appointed by the members in general meeting. The Board may appoint trustees to hold office until the next annual general meeting where the appointment must be approved by the members. All trustees are subject to retirement by rotation except the chief executives of Business in the Community and The Prince of Wales's Charitable Foundation respectively.

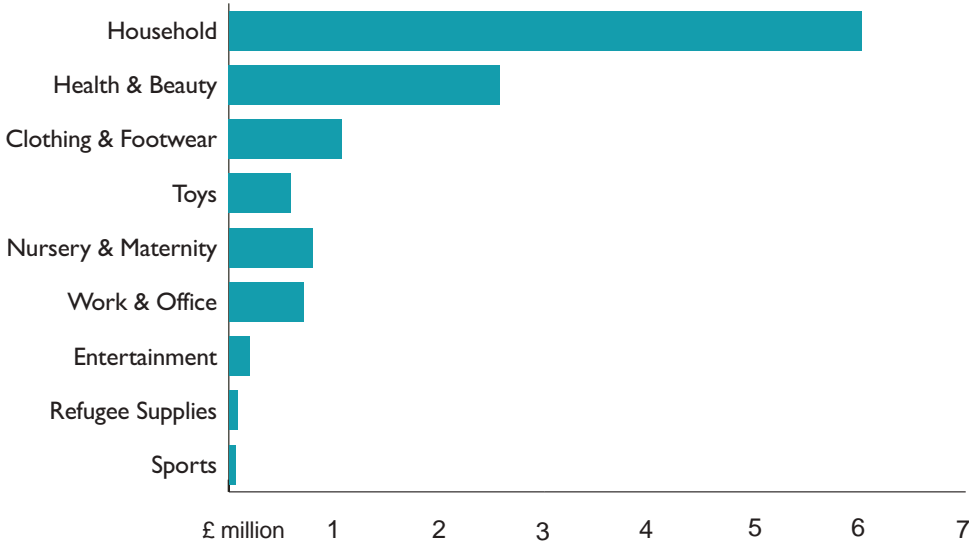


Fig 4 Value of goods distributed in 2015 by category

New trustees are given copies of the charity's legal documents, management information and accounts, together with general reading material about the charity and Charity Commission literature. This is followed by meetings with the Chief Executive and at least one other trustee as part of the induction process. Trustees are sent training updates as appropriate throughout the year. Trustees are invited to attend a periodic in-depth training day at Clarence House with trustees of the other Prince's Charities.

In Kind Direct is also a company limited by guarantee. When a term of appointment as trustee/director ceases, membership of the company also ceases. In the event of winding up, the liability of each member of In Kind Direct is limited by guarantee to £10.

Day-to-day management of the charity is delegated to the Senior Management Team led by the Chief Executive. Formal reporting by the Chief Executive to Trustees takes place regularly throughout the year. At the end of the period under review there were thirteen full-time and three part-time staff as well as one intern on a temporary contract.

Financial policies

Reserves policy

In 2009, the Board's review of the reserves policy concluded that the charity should aim to achieve reserves equivalent to three months' operational cashflow (2015:

£255,992) until such time that the charity reaches financial self-sustainability. The longer term aspiration of the Board is that the Group achieves six months' reserves. This policy was reviewed and confirmed by the Board in 2015.

Unrestricted reserves	£ 410,966
Restricted reserves	£1,410,474
Total reserves as at 31 December 2015	£1,821,440

None of the restricted reserves are due to transfer to the general fund during 2016 (2015: £44,783). Therefore, the unrestricted reserves balance of £410,966 equates to 4.8 months of operating costs and represents a decrease of £10,034 compared to the previous year (2014: £421,000). It is also in line with the longer term goal of achieving six months' funds.

Within the restricted funds, £1,359,788 relates to an accrual of 9 years' of grant income from Lloyds Banking Group towards the cost of In Kind Direct's offices. (See note 12b) A further £13,920 is being retained as a designated fund to pay for office dilapidations, should a break clause within the lease be exercised after 5 years. This fund is being increased by £3,480 per calendar quarter upon receipt of the office costs grant.

Investment policy

In Kind Direct's investment policy is to place funds in excess of short-term commitments on deposit for one to three months, leaving a sufficient balance in the current

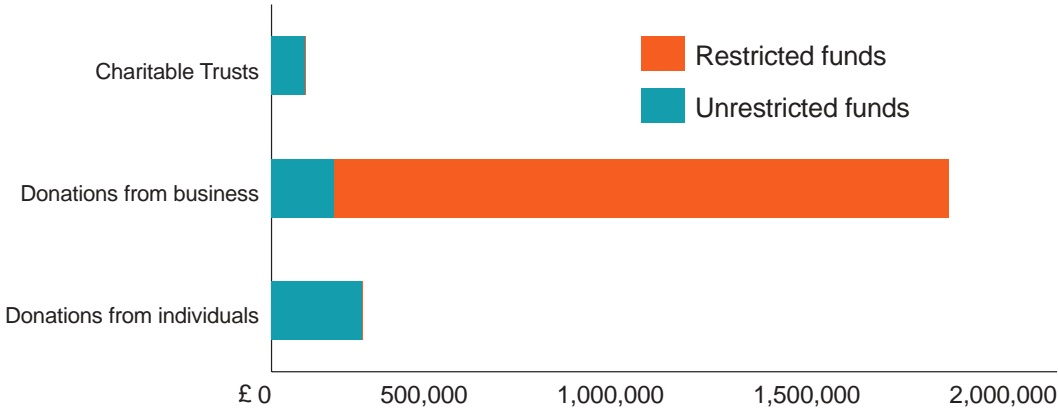


Fig 5 In Kind Direct sources of funding in 2015

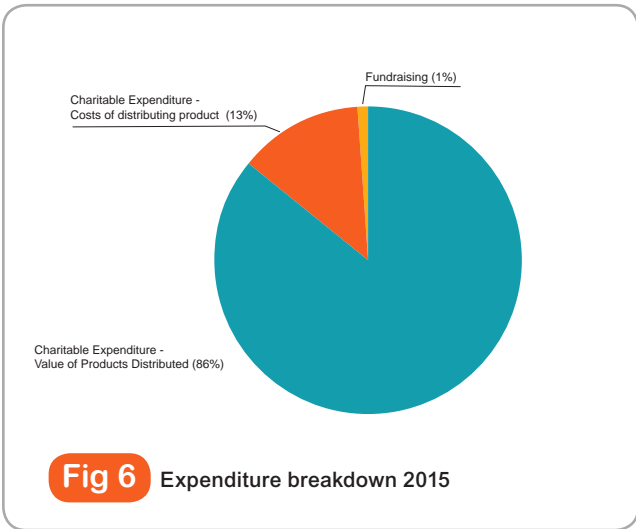


Fig 6 Expenditure breakdown 2015

account. It is the opinion of the Board of Trustees that the interest earned is paid at a competitive market rate and that these investments perform to a satisfactory level.

In Kind Direct's policy with regard to donated shares is that they will generally be sold at the earliest opportunity subject to any restrictions on sale. Staff seek concurrence prior to any proposed disposal from a member of the Finance and Audit Committee before either proceeding with the sale or give an explanation for not realising the value as soon as the restriction has lapsed. Currently no donated shares are held.

Executive Pay and Remuneration

We have a Remuneration Sub-Committee of the Board which reviews and monitors senior staff pay. Prior to making its annual decisions there is a benchmarking exercise completed in relation to The Prince's Charities' Group and periodically remuneration levels are benchmarked by outside industry specialists.

Risk policy and management

The Trustees review the assessment of major risks to which the charity is exposed. The Senior Management Team has compiled a risk register, which they also regularly monitor and amend as necessary. Management of risks with strategies to minimise and mitigate them is an ongoing task of the Senior Management Team. Changes are reported to the Board at quarterly meetings with the full risk register being reviewed by Trustees annually.

The top three current risks faced by the charity are:

Risk	Management measures
Overreliance on top donor companies leading to lack of donations of core product should the donor cease giving	<ul style="list-style-type: none"> Expansion plan targeting new donor companies in key categories Engagement with multiple contacts at all levels of key donor companies
Operational and reputational risk surrounding misuse of donated products by charity partners leading to donor companies not being comfortable donating their products	<ul style="list-style-type: none"> Strict vetting and monitoring process for goods recipients to ensure that products are used for charitable purposes, including visits to recipient organisations Tracking of all donations and deliveries through ERP system
Failure to meet fundraising and/or reserves target limiting charity impact	<ul style="list-style-type: none"> Diversified income strategy encompassing various operational, fundraised and trading income streams Patrons' Network set up to secure multi-year funding commitments Active cashflow management

Environmental policy

In Kind Direct, a registered charity, redistributes surplus product from manufacturers and retailers to UK charities working at home and abroad. As well as helping charities, our work has a positive impact on the environment by diverting goods that might otherwise go to waste as landfill or external recycling, generating greenhouse gases.

We recognise our obligation to comply with the law and to carry out our work in an as environmentally sound manner as possible. As a matter of policy we have a commitment to minimise the negative impact of our operations on the environment to as low a level as is practically and economically feasible. The full policy is available on our website and sets out what we commit to do in terms of monitoring and minimising our impact where possible.

Directors and trustees

The directors and trustees of In Kind Direct during the year and up to the date the accounts were approved were as follows:

John Pattullo (Chairman)
Debra Allcock-Tyler
James Garvey (Chair of Network Development Committee)
Stephen Howard, LVO
Ajay Kavan
Irwin Lee
 Retired 9 July 2015

Tom Moody
 Appointed 18 May 2015
Rachel Rhodes (Chair of Finance & Audit Committee)
Michael Ross
Andrew Rubin
Rebecca Salt
Teresa Tideman (Chair of Marketing Committee)
Andrew Wright

Changes in fixed assets

The charity was given a grant of £42,633 to spend on furniture for the new office in St Mary at Hill. This funding was spent in its entirety, and the cost of the furniture is being depreciated over 3 years.

Statement of trustees' responsibilities

The Trustees, who are also directors of In Kind Direct for the purposes of company law, are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In so far as we are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware; and
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Related Parties

None of In Kind Direct's trustees are employed by a company with which In Kind Direct has a commercial relationship. Two trustees of In Kind Direct are employed as Chief Executive / Director of two other organisations forming part of The Prince's Charities. These are detailed in Note 17 Page 39, to these accounts.

Trading IK Ltd is the wholly owned trading subsidiary of In Kind Direct. Rachel Rhodes, Chairman of the subsidiary is a director/trustee of In Kind Direct. Robin Boles, Chief Executive and Linda Kelly, Head of Finance of In Kind Direct are also directors of Trading IK Ltd.

In Kind Direct is the sole member of IKDI. Robin Boles, Chief Executive of In Kind Direct, along with two director trustees of In Kind Direct, are director/trustees of IKDI. They are Ajay Kavan and Michael Ross. In accordance with the Articles of IKDI, The Board of In Kind Direct has appointed Christopher Hyman to be a director/trustee of IKDI. Former In Kind Direct Board member Irwin Lee, is Chairman of IKDI.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Auditors

haysmacintyre was reappointed as auditor at the Annual General Meeting held on 26 September 2015.

This report was approved by the Board on 22 June 2016 and signed on its behalf by:

Rachel Rhodes

Rachel Rhodes
 Director and Trustee

Independent Auditor’s report to the members of In Kind Direct

We have audited the financial statements of In Kind Direct for the year ended 31 December 2015 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Charity Balance Sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and charitable company's members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs at 31 December 2015 and of the group's incoming resources and application of resources, including its income and expenditure, of the group for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption in preparing the Trustees' Report and preparing a strategic report.



Richard Weaver (Senior Statutory Auditor)
for and on behalf of haysmacintyre, Statutory Auditor

27 June 2016
26 Red Lion Square
London WC1R 4AG

Consolidated Statement of Financial Activities for the year ended 31 December 2015

	Notes	Unrestricted Funds	Restricted Funds	Totals 2015	Unrestricted Funds	Restricted Funds	Totals 2014
		£	£	£	£	£	£
INCOME							
Income from donations							
Value of donated goods distributed	4	11,253,687	851,997	12,105,684	11,202,307	43,868	11,246,175
Donations	3, 12b	477,637	1,564,869	2,042,506	502,814	99,502	602,316
Donated services for own use	4	75,131	-	75,131	302,328	-	302,328
Income from charitable activities:							
Retail donation registration fees		5,460	-	5,460	3,075	-	3,075
Handling charges		986,614	-	986,614	994,310	-	994,310
Other charitable income		27,649	-	27,649	28,847	-	28,847
Income from other trading activities:							
Commercial trading operations	5	250,412	-	250,412	172,655	-	172,655
Income from Investments							
		389	-	389	966	-	966
Total incoming resources excluding value of donated goods distributed		1,823,292	1,564,869	3,388,161	2,004,995	99,502	2,104,497
TOTAL INCOME		13,076,979	2,416,866	15,493,845	13,207,302	143,370	13,350,672
EXPENDITURE							
Expenditure on Raising Funds:							
Costs of Raising Funds	6	43,224	4,908	48,132	44,648	1,801	46,449
Costs of Trading Activities	6	128,753	-	128,753	68,714	-	68,714
		171,977	4,908	176,885	113,362	1,801	115,163
Expenditure on Charitable Activities:							
Distribution of donated goods	6	11,253,687	851,997	12,105,684	11,202,307	43,868	11,246,175
Other Charitable Costs	6	1,706,131	150,289	1,856,420	1,877,725	53,152	1,930,877
		12,959,818	1,002,286	13,962,104	13,080,032	97,020	13,177,052
TOTAL EXPENDITURE	6	13,131,795	1,007,194	14,138,989	13,193,394	98,821	13,292,215
Net Income/(Expenditure) for the Year Before Transfers		(54,816)	1,409,672	1,354,856	13,908	44,549	58,457
Gross Transfers Between Funds		44,783	(44,783)	-	23,442	(23,442)	-
Net Movement in funds		(10,033)	1,364,889	1,354,856	37,350	21,107	58,457
Funds brought forward at 1 January		421,000	45,584	466,584	383,650	24,477	408,127
Funds carried forward at 31 December	14	410,967	1,410,473	1,821,440	421,000	45,584	466,584

The financial activities above relate wholly to the continuing activities of In Kind Direct. The notes on pages 29 to 40 form part of these financial statements. There are no recognised gains or losses other than those dealt with in the above statements.

Company number: 03155226

Consolidated Balance Sheet at 31 December 2015

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2015 £	Unrestricted Funds £	Restricted Funds £	Total 2014 £
Fixed assets							
Tangible assets	10	103,899	-	103,899	115,785	-	115,785
Investments	11	-	-	-	-	-	-
Current assets							
Debtors	12	251,504	1,359,787	1,611,291	197,428	-	197,428
Cash at bank and in hand		215,111	50,686	265,797	223,395	45,584	268,979
		466,615	1,410,473	1,877,088	420,823	45,584	466,407
Creditors: amounts falling due within one year	13	(159,547)	-	(159,547)	(115,608)	-	(115,608)
Net current assets		307,068	1,410,473	1,717,541	305,215	45,584	350,799
Total assets less current liabilities		410,967	1,410,473	1,821,440	421,000	45,584	466,584
Funds							
Balance at 1 January		421,000	45,584	466,584	383,650	24,477	408,127
Movement in Funds		(10,033)	1,364,889	1,354,856	37,350	21,107	58,457
Balance at 31 December	14	410,967	1,410,473	1,821,440	421,000	45,584	466,584

The financial statements were approved and authorised for issue by the directors on the 22 June 2016 and were signed on its behalf by:



Rachel Rhodes
Director and Trustee

The notes on pages 29 to 40 form part of these financial statements.

Company number: 03155226

Company Balance Sheet at 31 December 2015

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2015 £	Unrestricted Funds £	Restricted Funds £	Total 2014 £
Fixed assets							
Tangible assets	10	103,899	-	103,899	115,785	-	115,785
Investments	11	1	-	1	1	-	1
Current assets							
Debtors	12	265,265	1,359,787	1,625,052	209,345	-	209,345
Cash at bank and in hand		174,285	42,243	216,528	180,759	29,584	210,343
		439,550	1,402,030	1,841,580	390,104	29,584	419,688
Creditors: amounts falling due within one year	13	(155,504)	-	(155,504)	(104,550)	-	(104,550)
Net current assets		284,046	1,402,030	1,686,076	285,554	29,584	315,138
Total assets less current liabilities		387,946	1,402,030	1,789,976	401,340	29,584	430,924
Funds							
Balance at 1 January		401,340	29,584	430,924	383,650	24,477	408,127
Movement in Funds		(13,394)	1,372,446	1,359,052	17,690	5,107	22,797
Balance at 31 December	14	387,946	1,402,030	1,789,976	401,340	29,584	430,924

The financial statements were approved and authorised for issue by the directors on the 22 June 2016 and were signed on its behalf by:



Rachel Rhodes
Director and Trustee

The notes on pages 29 to 40 form part of these financial statements.

Statement of Cash Flows and Consolidated Statement of Cash Flows

Company number: 3155226

	Notes	Group 2015 £	Group 2014 £	Charity 2015 £	Charity 2014 £
Cash used in operating activities	19	39,061	(57,685)	48,517	(76,933)
Cash flows from investing activities					
Interest income		389	966	300	966
Purchase of tangible fixed assets		(42,632)	(105,905)	(42,632)	(105,905)
Cash provided by (used in) investing activities		(42,243)	(104,939)	(42,332)	(104,939)
Cash flows from financing activities					
Repayment of borrowing		-	-	-	-
Cash used in financing activities		-	-	-	-
Increase (decrease) in cash and cash equivalents in the year		(3,182)	(162,624)	6,185	(181,872)
Cash and cash equivalents at the beginning of the year		268,979	431,603	210,343	392,215
Total cash and cash equivalents at the end of the year		265,797	268,979	216,528	210,343

See note 19 for the reconciliation of net income/(expenditure) to net cash flow from operating activities.

Notes to the Financial Statements – year ended 31 December 2015

1. Principal accounting policies

Basis of Preparation

The financial statements have been prepared under the historical cost convention, and in accordance with the Statement of Recommended Practice for Charities (SORP 2015), the Companies Act 2006 and applicable accounting standards (FRS 102). Following the transition to FRS102 for the first time in 2015 all of the accounting policies have been aligned with the new accounting standard and these have not had a material nature on the accounts. Therefore no adjustments have been required to the previously reported financial statements and consequently no transition note has been presented in the notes to the accounts.

Basis of Consolidation

Group accounts have been prepared for In Kind Direct and its wholly owned subsidiary Trading IK Limited. The results of IKDI, a separate charity have also been included on the basis of control as In Kind Direct is the sole member of IKDI. The accounts have been consolidated on a line by line basis.

In Kind Direct has taken advantage of the exemption granted under section 408 of the Companies Act 2006, not to prepare a separate Statement of Financial Activities for the 12 months ended 31 December 2015.

Income of In Kind Direct (parent company) amounted to £15,364,797. Net movement in funds amounted to £1,359,053.

Fund Accounting

Unrestricted funds includes funds and goods donated for distribution. Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Restricted funds are funds and goods donated for distribution, which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds is charged against the funds. The aim and use of each restricted fund is set out in the notes to the financial statements.

Fixed Assets

Fixed assets are capitalised in the balance sheet at cost or, for donated goods, at estimated market value, except

for items costing less than £2,000, which are expensed in the year of purchase. Depreciation is calculated so as to write off the cost of tangible fixed assets, less the estimated residual values, on a straight-line basis over the estimated economic lives of the assets concerned. Computer equipment is written off over three years and off the shelf computer software is written off over two years. Bespoke computer software is depreciated over four years. Other capital equipment such as items purchased for use at the warehouse is also written off over three years.

Going concern

The trustees are confident that In Kind Direct will remain a going concern and that there are no known material uncertainties about the charity's ability to continue. 54 % of the charity's unrestricted cash income results from handling charges paid by the charities in the network. Sources of income from the charity's trading subsidiary continues to increase. In 2015, the number of charities in the network using the In Kind Direct service increased by 18.5% from 2,301 to 2,727. It is expected that this pattern will continue in 2016 and beyond. Knowing from where all funding required will be sourced in any year can never be certain in advance. However, for the coming year, 67% or £374,522 of what is budgeted as funding required for the year is already received or promised.

Operating leases

Operating lease rentals are charged to the SOFA over the term of the lease. Incentives received to enter into an operating lease are credited to the SOFA, to reduce the lease expense, on a straight-line basis over the period of the lease.

Incoming resources

All incoming resources are included in the SOFA when the charity has entitlement to the income, there is reasonable certainty of receipt and the amount can be measured. Event income and handling charges are treated as income of the period to which they relate. Registration fees are generally non-refundable and are applied to income at the beginning of the year to which they relate. Interest receivable is treated as income of the period in which it accrues.

Goods and services donated for the charity's own use

Goods, office facilities and logistics services donated for the charity's own use are recognised in the Statement of Financial Activities as both income and expenditure or capitalised if it is a capital item at the market value.

Goods donated for onward distribution

Goods donated for onward distribution are included as both income and expenditure, at the time of distribution, at a reasonable estimate of their original market value, less adjustments to reflect condition where the goods are not in their original pristine condition. By their very nature, the surplus product donations we receive from companies are often hugely mixed and difficult to identify and categorise without manual sorting and reworking. This makes it near-impossible to value goods on receipt.

Taxation

As a registered charity, the company is potentially exempt from taxation of its income and gains to the extent that these are applied to its charitable objects. The company is registered for VAT. Income Tax recoverable under Deeds of Covenant and Gift Aid is accounted for on a receivable basis.

Pension costs

Contributions to group personal money purchase pension schemes are charged to the Statement of Financial Activities on an accruals basis.

Resources Expended

Expenditure is classified in accordance with the Statement of Recommended Practice as shown below:

Charitable Activities - all expenditure directly relating to the objects of the charity including the direct cost of supporting charitable activities and covers the following activities as incurred:

Identification of potential donors, obtaining donated goods for onward distribution, the processes for distributing, reporting and accounting for those goods; the recruitment and registration of charities and maintenance of data relating to those charities.

Governance Costs - The costs remaining which include: Financial, legal and administrative expenses incurred in connection with enabling the charitable company to comply with external regulations, constitutional and statutory requirements; and in providing support to the trustees in the discharge of their statutory duties.

Costs of Generating Funds - The costs incurred to obtain voluntary contributions to the charity including expenditure on increasing In Kind Direct's general resources other than through obtaining registration income or goods for distribution and for improving general awareness of In Kind Direct within the overall community.

Support Costs - Expenditure incurred on activities falling directly within one expenditure classification is charged directly to that classification. Expenditure incurred on activities falling in more than one cost category is apportioned as follows:

Staff costs: According to the time spent by each member of staff on activities within that category.
Office expenses: In the same overall ratio as staff costs.
Depreciation: In the same overall ratio as staff costs

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Financial instruments

The trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

notes 2–4

2. Critical accounting judgements and estimation uncertainty

■ In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the group's and parent charitable company's accounting policies and the reported assets, liabilities, income and expenditure and the disclosures made in the financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Those areas subject to judgement and uncertainty are as follows:

- Valuation of goods distributed
- Valuation of other goods and services received in kind.
- Accrued income and expenditure
- Cross charges of staff time spent between the 3 group entities.

Goods donated for onward distribution are valued at a reasonable estimate of their original market value, less adjustments to reflect condition where the goods are not in their original pristine condition.

Other goods and services received are valued either by the donor, or where no value is given, valued at the equivalent market cost were these to be purchased directly by the charity.

Accrued income and expenditure are estimated where no invoice has been provided. These estimates are based either on third party evidence or on known values as yet uninvoiced by the group.

Cross charges of staff time spent are based on reasonable estimates of how much time staff employed by In Kind Direct spend working on matters related to Trading IK Limited or IKDI.

3. Other Voluntary Income (Group)

	Restricted Funds £	Unrestricted Funds £	Total 2015 £	Restricted Funds £	Unrestricted Funds £	Total 2014 £
Charitable Trusts	250	85,538	85,788	69,500	160,429	229,929
Business donations*	1,564,490	160,909	1,725,399	30,000	80,417	110,417
Donations by individuals	129	231,190	231,319	2	261,968	261,970
	1,564,869	477,637	2,042,506	99,502	502,814	602,316

*Restricted business donations in 2015 includes the full £1,474,933 ten year grant promised by Lloyds Banking Group in respect of office accommodation. During 2015, £115,145 was actually received. The balance of £1,359,788 is shown as accrued income. See note 12b.

4. Donated goods and services

Donated goods and services were applied to the activities of the charity as follows:

	Restricted Funds £	Unrestricted Funds £	Total 2015 £	Restricted Funds £	Unrestricted Funds £	Total 2014 £
Value of donated goods distributed	851,997	11,253,687	12,105,684	43,868	11,202,307	11,246,175
Services donated for own use	-	75,131	75,131	-	302,328	302,328
	851,997	11,328,818	12,180,815	43,868	11,504,635	11,548,503

note 5

5. Subsidiary undertakings

Trading IK Limited

Trading IK Limited is a wholly owned subsidiary trading company of the charity, established on 2 July 2009. Its principal activity is generating alternative sources of income such as eBay sales and affiliate marketing agreements. The company gift aids its taxable profits to the parent company. The results for the trading company for the year ended 31 December 2015 were:

	31 December 2015 £	31 December 2014 £
Turnover	250,412	172,655
Cost of sales	(125,928)	(61,400)
Gross profit	124,484	111,255
Distribution costs	(1,496)	(1,355)
Administration costs	(4,930)	(5,959)
Profit for the period	118,058	103,941
Gift Aid to In Kind Direct	(118,058)	(103,941)
Profit for the period after Gift Aid	-	-

Administration costs relate to audit fees, set up costs and other professional fees from In Kind Direct to Trading IK Limited for the use of staff and resources. These have been eliminated on consolidation.

	£	£
Current assets	12,420	23,121
Creditors and accruals	(12,419)	(23,120)
Net Assets	1	1

IKDI is a charitable company incorporated in England & Wales, of which In Kind Direct is the sole member. The results of the subsidiary charitable company for the year were as follows:

	31 December 2015 £	31 December 2014 £
Total incoming resources	59,715	62,934
Total resources expended	(63,911)	(27,273)
Net incoming resources	(4,196)	35,661
Funds brought forward at 1 January 2015	35,661	-
Funds carried forward at 31 December 2015	31,465	35,661

notes 6–7

6. Total Resources Expended

	Direct cost £	Support cost £	Total 2015 £	Total 2014 £
Cost of Charitable Activities				
Distribution of donated goods	12,105,684	-	12,105,684	11,246,174
Other charitable costs	657,246	1,199,174	1,856,420	1,930,503
	12,762,930	1,199,174	13,962,104	13,176,677
Cost of Generating Funds				
Fundraising activities	4,001	44,131	48,132	46,823
Trading activities	128,753	-	128,753	68,714
Total Resources Expended	12,895,684	1,243,305	14,138,989	13,292,214

7. Support costs

Support costs are the costs of premises, facilities, staff and office overheads and are allocated to the activities of the charity as follows:

	Cost of Charitable Activities £	Costs of generating funds £	Total 2015 £	Total 2014* £
Management/Other	528,333	34,128	562,461	453,692
Finance & IT	156,430	2,365	158,795	166,187
Logistics	202,728	-	202,728	227,135
Charities	127,691	218	127,909	138,921
Fundraising	14,820	1,233	16,053	11,440
Premises	169,172	6,187	175,359	302,328
	1,199,174	44,131	1,243,305	1,299,703

*2014 Governance costs have now been restated into support costs per the new Charity SORP.

Support costs are included in the expenditure in the SOFA and have been allocated on the basis of time spent. The cost allocation includes an element of judgement and the charity has had to consider the cost benefit of detailed calculations and record keeping. Therefore, the support costs shown are a best estimate of the costs that have been so allocated.

note 8

8. Employees

Staff costs comprise:	Total 2015 £	Total 2014 £
Salaries and wages	723,467	697,067
Social security costs	71,812	71,242
Other pension costs	62,140	60,219
	857,419	828,528

The average number of employees during the year, analysed by function, was:

	2015	2014
Distribution of donated goods	15	16
Governance	1	1
	16	17

The number of employees earning in excess of £60,000 is as follows:

£60,000 - under £70,000	1	-
* £140,000 - under £150,000	1	1

* includes use of company leased car

In Kind Direct contributes to a money purchase Group Personal Pension Scheme on behalf of all members of staff. Contributions of £62,140 (2014: £57,467) were paid during the year to this scheme including £18,536 (2014 : £17,553) in respect of the highest paid member; and £25,048 (2014 : £24,214) in respect of other key management personnel.

The key management personnel of In Kind Direct, the parent charity, comprise the Chief Executive Officer and the Senior Management Team (7 people). The total employee benefits of the key management personnel of In Kind Direct were £497,809 (2014: £482,014).

The trustees did not receive remuneration for their services to the company during the period (2014: £nil). Expenses incurred by the directors were not reimbursed by the company.

In Kind Direct purchased insurance for the trustees and officers of the company during the year to indemnify them against possible liabilities incurred in relation to the performance of their duties. The cost of this insurance is included within the charity's business insurance policy and cannot be separately identified.

notes 9–11

9. Net income for the year is stated after charging:

	2015 £	2014 £
Auditor remuneration - audit fee	11,250	10,300
Operating Lease payments - vehicle	6,640	6,885
Operating Lease payments - office	65,736	-
Depreciation	54,519	39,642

10. Tangible Fixed Assets

	Computer Equipment Unrestricted Funds £	Warehouse Equipment Unrestricted Funds £	Office Equipment Unrestricted Funds £	Total 2015 £	Total 2014 £
Cost as at 1 January 2015	82,463	112,344	-	194,807	164,637
Additions during year	-	-	42,632	42,632	105,905
Disposal	-	-	-	-	(75,735)
Cost as at 31 December 2015	82,463	112,344	42,632	237,439	194,807
Depreciation as at 1 January 2015	(10,308)	(68,714)	-	(79,022)	(115,115)
Charge for year	(20,615)	(26,798)	(7,105)	(54,518)	(39,642)
Disposal	-	-	-	-	75,735
Depreciation as at 31 December 2015	(30,923)	(95,512)	(7,105)	(133,540)	(79,022)
Net book value as at 1 January 2015	72,155	43,630	-	115,785	64,963
Net book value as at 31 December 2015	51,540	16,832	35,527	103,899	115,785

11. Investment (Charity)

	Unrestricted Funds £	Total 2015 £
Shares - subsidiary company Trading IK Ltd	1	1
Market value at 31 December 2015	1	1
Historical value at 31 December 2015		1

notes 12–13

12a Debtors - unrestricted

	Group 2015 £	Group 2014 £	Charity 2015 £	Charity 2014 £
Prepayments	41,754	48,933	41,754	48,933
Trade debtors	11,268	638	11,237	-
Intercompany debtors	-	-	21,037	16,260
Taxation and social security	1,106	-	-	-
Accrued income*	197,376	133,139	191,237	129,516
Other debtors	-	14,718	-	14,636
	251,504	197,428	265,265	209,345

* Mostly donations recognised in the 2015 accounts but received early in 2016, and commissions due to trading subsidiary (group accounts).

12b Debtors - restricted

	Group 2015 £	Group 2014 £	Charity 2015 £	Charity 2014 £
Grant income debtor*	1,359,787	-	1,359,787	-
	1,359,787	-	1,359,787	-

*This represents the value of the grant receivable by In Kind Direct until March 2025 in respect of the charity's office accommodation.

13. Creditors: amounts falling due within one year

	Group 2015 £	Group 2014 £	Charity 2015 £	Charity 2014 £
Trade creditors	(71,700)	(49,899)	(71,700)	(49,899)
Accruals	(46,050)	(23,994)	(39,690)	(13,897)
Intercompany creditor	-	-	(2,317)	-
Taxation and social security	(41,797)	(41,715)	(41,797)	(40,754)
	(159,547)	(115,608)	(155,504)	(104,550)

note 14a

14a Reserves (Group)

	Movement in Resources				
	Balance at 1 Jan 2015	Transfers between funds	Incoming Grants	Expenditure	Balance at 31 Dec 2015
Restricted Funds:	£	£	£	£	£
1. The Boys Brigade	1,900	(1,900)	-	-	-
2. DS Smith	16,126	-	-	(15,958)	168
3. Beatrice Laing Trust	11,558	-	-	(124)	11,434
4. Teresa Tideman	-	-	129	(129)	-
5. Lloyds Bank Premises Fund	-	(42,633)	1,550,570	(131,429)	1,376,508
6. Premises Fund 3 - dilaps	-	-	13,920	-	13,920
7. Charles Irving CT	-	(250)	250	-	-
8. McCarthy Denning (IKDI)	16,000	-	-	(7,557)	8,443
9. Value of goods distributed	-	-	851,997	(851,997)	-
Total Restricted Funds	45,584	(44,783)	2,416,866	(1,007,194)	1,410,473
Unrestricted Funds	421,000	44,783	13,076,979	(13,131,795)	410,967
Total Funds	466,584	-	15,493,845	(14,138,988)	1,821,440

Details

- (1) Benefit is generally given by subsidising the handling charges of individual charities.
- (2) Funds towards the cost of warehouse packaging supplies.
- (3) Funds towards the cost of capital improvements at the warehouse.
- (4) Funds towards clothing rails for storing donated clothing at the warehouse.
- (5) Funds to pay rent, service charge, utilities and other office running costs.
- (6) Funds to build a dilapidations "pot" at the 5 year office lease break clause.
- (7) Funds are for the purpose of enabling charities in a particular sector or geographical location to benefit from the In Kind Direct Service.
- (8) Funds represent start up costs for IKDI and to expand the IKDI network.
- (9) These are goods which the donor company has specified must go overseas, or that have been restricted by the donor in some other way.

notes 14b–15

14b Reserves (Charity)

Restricted Funds:	Movement in Resources				
	Balance at 1 Jan 2015	Transfers between funds	Incoming Grants	Expenditure	Balance at 31 Dec 2015
	£	£	£	£	£
The Boys Brigade	1,900	(1,900)	-	-	-
DS Smith	16,126	-	-	(15,958)	168
Beatrice Laing Trust	11,558	-	-	(124)	11,434
Teresa Tideman	-	-	129	(129)	-
Lloyds Bank Premises Fund	-	(42,633)	1,550,570	(131,429)	1,376,508
Lloyds Bank Premises Fund - dilapidations	-	-	13,920	-	13,920
Charles Irving CT	-	(250)	250	-	-
Value of goods distributed	-	-	851,997	(851,997)	-
Total Restricted Funds	29,584	(44,783)	2,416,866	(999,637)	1,402,030
Unrestricted Funds	401,340	44,783	12,947,930	(13,006,107)	387,946
Total Funds	430,924	-	15,364,796	(14,005,744)	1,789,976

15. Donation of services for own use (Charity)

The financial statements exclude some intangible services (mainly legal services) as they were immaterial in value. However, the accounts do include the following donated services that are of material value:

	2015 £	2014 £
Office accommodation, printing & postage charges	58,331	302,328
IT project	16,800	-
	75,131	302,328

notes 16–18

16. Obligation under operating lease (Charity)

At 31 December the company had annual commitments under non-cancellable operating leases for one motor vehicle as set out below:

Operating leases which expire:	Motor vehicle £	Total 2015 £	Total 2014 £
Within 1 year	6,640	6,640	-
Between 1 and 5 years	5,533	5,533	6,885
	12,173	12,173	6,885

Lease payments of £6,640 (2014: £6,885) were charged to the Statement of Financial Activities during the year. At 31 December the company had annual commitments under non-cancellable operating leases for one office premises as set out below:

Operating leases which expire:	Office premises 2015 £	Total 2015 £	Total 2014 £
Within 1 year	69,375	69,375	-
Between 1 and 5 years	350,804	350,804	-
More than 5 years	366,930	366,930	-
	787,109	787,109	-

Lease payments of £65,736 (2014: £0) were charged to the Statement of Financial Activities during the year. Future payments have been adjusted for the effect of rent-free periods in years 5 & 7 of the lease.

17. Related party transactions

In Kind Direct is one of The Prince's Charities, a group of not-for-profit organisations, of which HRH The Prince of Wales is President. Stephen Howard, Chief Executive of Business in the Community, another of The Prince's Charities, is a trustee of In Kind Direct.

Mr Andrew Wright, Treasurer to TRH The Prince of Wales and The Duchess of Cornwall and Executive Director of The Prince of Wales's Charitable Foundation, is also a trustee of In Kind Direct.

The total value of donations received from Trustees during 2015 was £11,329 (2014: £10,000).

The charity has taken advantage of the exemption under FRS 102 paragraph 33.1A to not disclose transactions entered into between wholly owned members of the same group.

18. Capital commitments

There were no contractual obligations for capital commitments in place at 31 December 2015.

note 19

19. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	Group		Charity	
	2015	2014	2015	2014
	£	£	£	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	1,354,856	58,457	1,359,053	22,797
Adjustments for:				
Depreciation charges	54,518	39,642	54,519	39,642
Dividends, interest and rents from investments	(389)	(966)	(300)	(966)
(Increase)/decrease in debtors	(1,413,863)	(130,413)	(1,415,709)	(112,545)
Increase/(decrease) in creditors	43,939	(24,405)	50,954	(25,861)
Net cash provided by (used in) operating activities	39,061	(57,685)	48,517	(76,933)



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In Kind Direct 
Product Giving for Social Good



In Kind Direct is a registered charity in England and Wales no. 1052679.
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