A close-up photograph of a woman with short, wavy brown hair, smiling broadly and showing her teeth. She is wearing a pink hooded sweatshirt. The background is a blurred outdoor setting with green foliage.

Report and Financial Statements for the year ended 31 December

2016



Report and Financial Statements for the year ended 31 December

2016

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Reference and administrative details

Directors and Trustees

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Amar Abbas
Debra Allcock Tyler
Graham Burridge
Tim Hinton
Graham Inglis
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Amanda Mackenzie
Tom Moody
Rachel Rhodes
Michael Ross
Andrew Rubin
Andrew Wright

Chief Executive

Robin Boles, LVO

Principal and registered office

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Auditors

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Bankers

Lloyds Banking Group
109 Finsbury Pavement
London EC2A 1LB

Honorary Solicitors

Mishcon de Reya
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London
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Status

In Kind Direct is:

- a company limited by guarantee, number 3155226.
- a charity registered in the United Kingdom, 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 2016 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.

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

Patrons

2020 Investors' Circle
Lloyds Banking Group
Nutt, Mr & Mrs Anthony
Wilko
Garfield Weston Foundation

Diamond Patrons

Levin, Mr Vadim
McBride
DS Smith

Patrons

Acheson & Acheson
The Garvey Foundation
Anonymous donors
Rubin, Mr Andrew
Kalb, Mr Michael

Other financial supporters

Allcock Tyler, Mrs Debra
Amazon Local
Cecil Pilkington Charitable Trust
Florence Turner Trust
J R Corah Foundation
Lloyds TSB Foundation
Ormsby Charitable Trust
Parekh, Mr and Mrs Gary
The Bisgood Charitable Trust
The Marsh Christian Trust
The Maud Elkington Charitable Trust
The Morgan Charitable Foundation
The Santander Foundation
The Schroder Foundation
The Sobell Foundation
The Walt Disney Company
Trefoil Trust
The Prince of Wales's Charitable Foundation
The Book People

Service donors

Addison
Amazon Luxembourg
Amazon Web Services
Amazon.co.uk
AMIA
Asda
Blueprint Partners
Britannia Communications
Capgemini
DHL
Directory of Social Change
Direct Line
DynamicAction
Elliott, Mr Graham
ELUPEG
Family Business Place
Goldstein, Mrs Gloria
Gowling WLG
HMKM
iNet Telecoms Ltd
Jabbar, Mr Ijaz
Kroll
Lloyds Banking Group
Microsoft
Pentland Brands
Pregis Corporation
Procter & Gamble
Smith, Mrs Jane
Technology Trust
The Prince of Wales's Charitable Foundation
The Service Business
The Walt Disney Company
Trace, Mr Jonathan
Tulchan Communications
Waller, Mr Alan
Warburg, Mrs Penni
Withers & Rogers
WPP



Our donors



Cleaning & household

Balsam Brands
Bosch
Boxfresh International
British Red Cross
Chicopee
ESS Defence
Harrison Wipes
Kimberly-Clark
McBride
Pacific Direct
Procter & Gamble
PZ Cussons
Ramon Hygiene Products
Royal Sanders UK
SC Johnson
Stanley Black & Decker
Sykes Global Services
Trendsetter Home Furnishings
Vi-Spring
Wilko



Cookware, kitchen & food

Bon Bon Buddies
Bunzl Catering Supplies
Compass Group
Lockhart Catering Equipment
Lucozade Ribena Suntory
Marco Polo Intercontinental Limited
Meyer Group
Raceahead
Royal Albert Hall
Sovereign Partners
The Cookware Company
United Biscuits
Wine Gift Centre



General retail

Amazon.co.uk
Asda Stores
Dons Solidaires



Clothing, footwear, & sports

Adidas UK
Astley Clark
Berghaus
Brit Insurance
Gap
Kikiyo
Kier Construction
Lloyds Banking Group
Material UK
Mitre Prostar
Pentland Brands plc
Royal Bank of Scotland
Smartwool
The Friendly Swede
Uniforms For Work
Wool Overs



Office supplies

Brakes
Ex Libris
EVO Group
Market Force Information
Newell Rubbermaid
Norfolk Community Foundation
Pregis
Premier Paper Group
Small Planet Meetings
Spicers



Health & personal care

Acheson & Acheson
Actavis
Beiersdorf UK
Boots Group
Bunzl - Shermond
Cambridge Sensors
Church & Dwight
Colgate Palmolive
Faith in Nature
GlaxoSmithKline
Grace Cole Ltd
Grafton International
Henkel
Johnson & Johnson
KAO Brands Europe
Kapa Limited
L'Oréal
MNH Sustainable Cabin Services
SCA Hygiene Products UK
The Body Shop Foundation



Toys, baby & educational

Constantia International
Entertainment One
Hogrefe
Kissy Kissy
Manhattan Toy
Michael O'Mara
Mothercare
NooNoo Design
Organic Zoo
Plum Products
Recipe
Reckitt Benckiser
Rotherham Doncaster & South Humber NHS Foundation
Santander
The Disney Store
Usborne Publishing
WM Morrisons Supermarkets
WOW Toys

Purpose

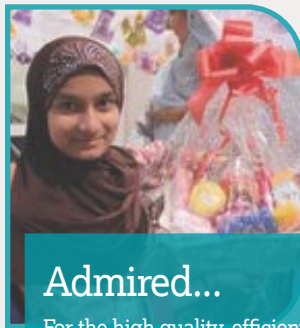
In Kind Direct's purpose is to inspire product giving for social good.

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 distributing 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 2016

- A record £20.2 million at retail value of goods distributed to charities
- Equivalent to 4,929 pallets (190 lorry loads) of goods donated for distribution
- A record 2,550 charities benefiting from our service in the year

Achievements since 1997

- £165 million at retail value of products distributed to charities
- To date over 8,300 charities have benefited from our service providing goods

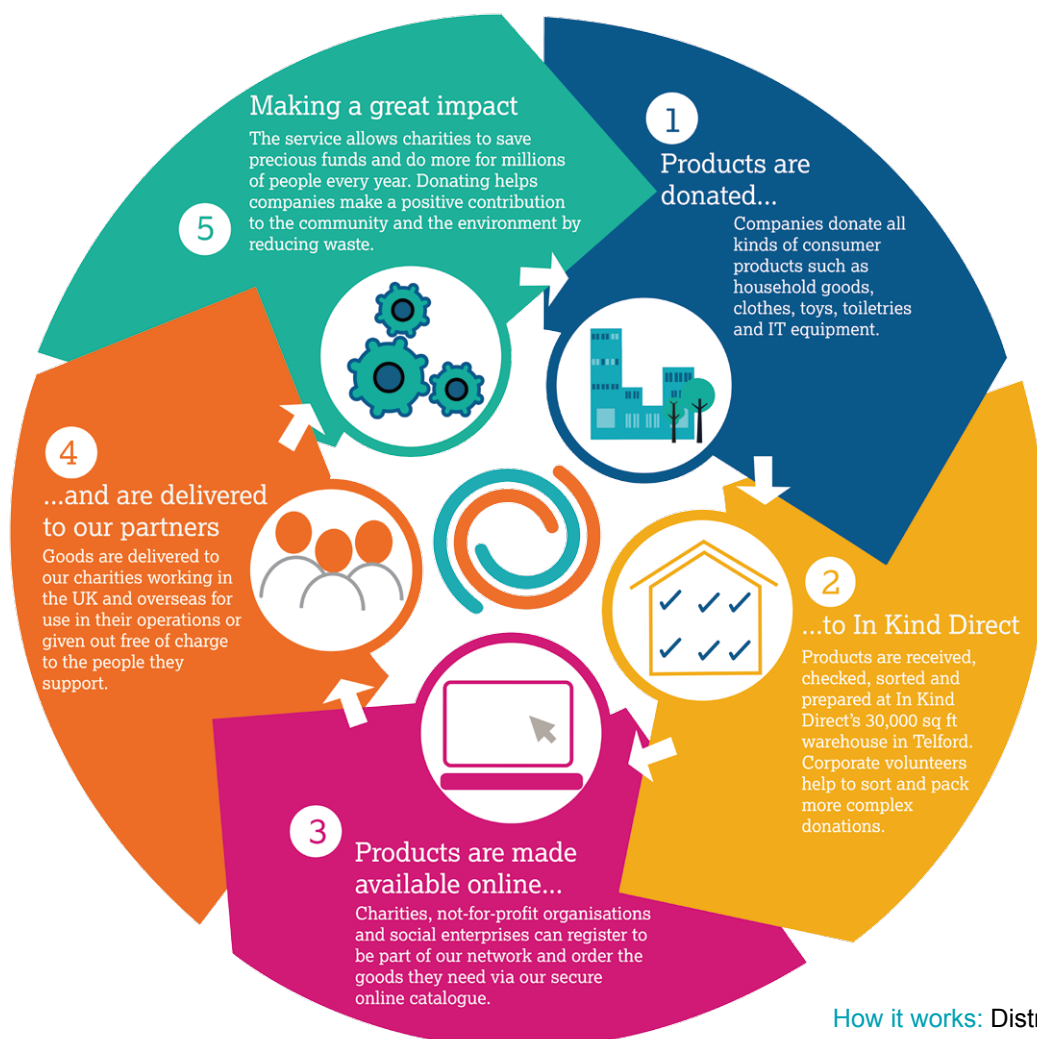
Why we're here

Charities across the country need all kinds of products to help deliver their services to people in need: toys and baby clothes for a children's centre, stationery and tools for an employment project or toiletries and bedding for a domestic violence project. But as resources get tighter and demand increases, for charities finding the funds to pay for the goods they need is increasingly difficult.

At the same time, manufacturers and retailers often have the same needed products in surplus, simply because they are deemed excess to requirement or have a slight cosmetic flaw in the packaging.

In Kind Direct is the bridge that connects UK companies with charities and voluntary organisations working at home and abroad to ensure that high quality, usable products go to the people who need them most, not to waste.

Thanks to In Kind Direct, companies can deliver on their environmental and community responsibility goals whilst allowing charities to save money, enhance their services and support their beneficiaries.



How it works: Distributing donated products to UK charities and their beneficiaries.



1,000 companies giving.
£170 million worth of products
distributed. 20,000 tonnes
of products diverted from waste.
8,300 charities receiving goods.
Millions of people helped every year.

Trustees' report for the year ending 31 December 2016

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 2016.

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 distributing new surplus product from manufacturers and retailers to UK charities. We have distributed over £165 million of donated goods from 1,000 companies. More than 8,300 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 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). They pay a charge for our service providing goods, ensuring products go only where needed, preventing stockpiling, as well as providing an important contribution towards covering our costs. The charge we levy on charities including delivery, helps to ensure goods only go where needed and prevents stockpiling.

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 UK charity which has taken on the administrative and logistical complexity of providing consumer goods widely.

In addition to our core service distributing 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 many times over. 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, we enable charities to improve the service they offer, do more for their beneficiaries and help 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 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.

2016 was the second year of our new strategic plan, which sets out our ambitions for 2020 and detail of our goals and plans for the three year period 2015 to 2017.

Progress against the objectives for 2016 is set out below:

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

Key Measures	2016 Target	Achieved	
Cumulative number of charities ever receiving product at year end	8,000	8,296	✓
Savings generated for charities	£11.6m	£19.1m	✓
Impact index score	80%	100%	✓

In 2016 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. 2,550 charities received donated products during 2016, more than in any previous year, whilst in total 2,855 charities benefited from products including those from our affiliate partners. This took the cumulative number of charities benefiting substantially ahead of our original target.

The value of products distributed to charities rose by two thirds to £20.2 million, generating above target total savings for charities of £19.1m (after charges paid are removed). This result was in part because of an exceptionally large donation of clothing and footwear valued at over £7m from a sportswear manufacturer.

Impact measurement

Throughout the year we gather information and case studies about the impact we generate 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 each year with us.

Annually we also survey charities using the service. This year we received 946 responses to our survey. Among the key findings of the survey looking back on 2016 were:

- 91% of respondents said that In Kind Direct had allowed them to access goods they would not otherwise be able to afford (2015 = 87%)
- 70% of respondents said that In Kind Direct helped their charity to "keep going" (2015 = 64%)
- 46% said ordering from In Kind Direct helped them to engage people they would not normally be able to engage (2015 = 45%)

- 96% of charities responding would recommend In Kind Direct to other charities (2015 = 96%)
- 79% of respondents said that using products from In Kind Direct has helped them to address poverty for their beneficiaries.
- 75% of respondents said that using products from In Kind Direct has helped them to address poor mental and physical wellbeing for their beneficiaries.

More information is provided in our impact report published mid-2017.

Catalogue, user experience and network development

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. Over the year, we continued to make iterative technical and design improvements to enhance users' experience, informed by feedback from our Charity User Group and other ad hoc feedback.

We ran a range of communications and activities to help charities make best use of the service including social media campaigns, newsletters, webinars and Facebook tutorials.

We also began setting up a regional network of volunteers with the recruitment of our first volunteer coordinator based in the northwest England. She will provide on-the-ground support to charities in the region.

Disney Store Partnership

Through our Retail Donation Initiative, charities are matched directly with local Disney Stores. Charities collect in-store surplus directly from their local store, building strong partnerships with the Disney employees which often extend considerably beyond the receipt of surplus goods. In 2016 we matched charities to 29 Disney Stores.

In December, we repeated our successful partnership with The Disney Store to deliver plush toys to 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.

Overseas distribution and emergency appeals

Our primary focus remains distributing every day essential goods to charities for use in the UK, but we also distributed £10.9 million in value of stock to UK emergency relief and development charities working overseas in Eastern Europe, the Middle East and Africa, a substantial increase on the previous year. Many of the products we distributed overseas went to charities tackling the burgeoning refugee and migrant crisis in Europe and the Middle East.

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

Key Measures	2016 Target	Achieved	
Volume of products donated in pallet equivalents	4,800	4,929	✓

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.

4,929 pallets of goods (equivalent to 190 lorryloads) were donated by 99 companies during the year. We continue to receive excellent support from many of the world's top manufacturers including: P&G, Reckitt Benckiser, Colgate Palmolive, Kimberly-Clark and Johnson & Johnson. Amazon.co.uk stepped up its commitment significantly during the year, donating over £1.3m in value of products covering a huge range of categories and product areas.

Among 36 donors giving for the first time were Premier Paper, Spicers, Trendsetter Home Furnishings, Grace Cole, EVO Group, Bon Bon Buddies and Woolovers.

For a full list of organisations donating product in the year see page 6.

During the year we also continued our ‘partner product’ scheme which provides charities with access to refurbished and discounted IT and entertainment products such as PCs, tablets, TVs and projectors. Charities order products seamlessly from our online catalogue which are shipped directly from our partner, Arrow – a leading IT services company. In Kind Direct receives a rebate on items ordered by charities via our trading company.

To support our ambitious future plans for new donor partnerships, we have invested in the appointment of two new team members. The expanded Business Development and Partnerships Team will also support with seeking fundraised and other income.

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	850	1,141	✓
New donors recruited in core categories	30	36	✓

1,141 charities joined the network to benefit over the course of the year – an average of 95 per month and well over our original target. See Figure 1 and 2 for a breakdown of the network by focus area and income level. We also recruited and reengaged more than our target of new donor companies, positioning us well for future growth.

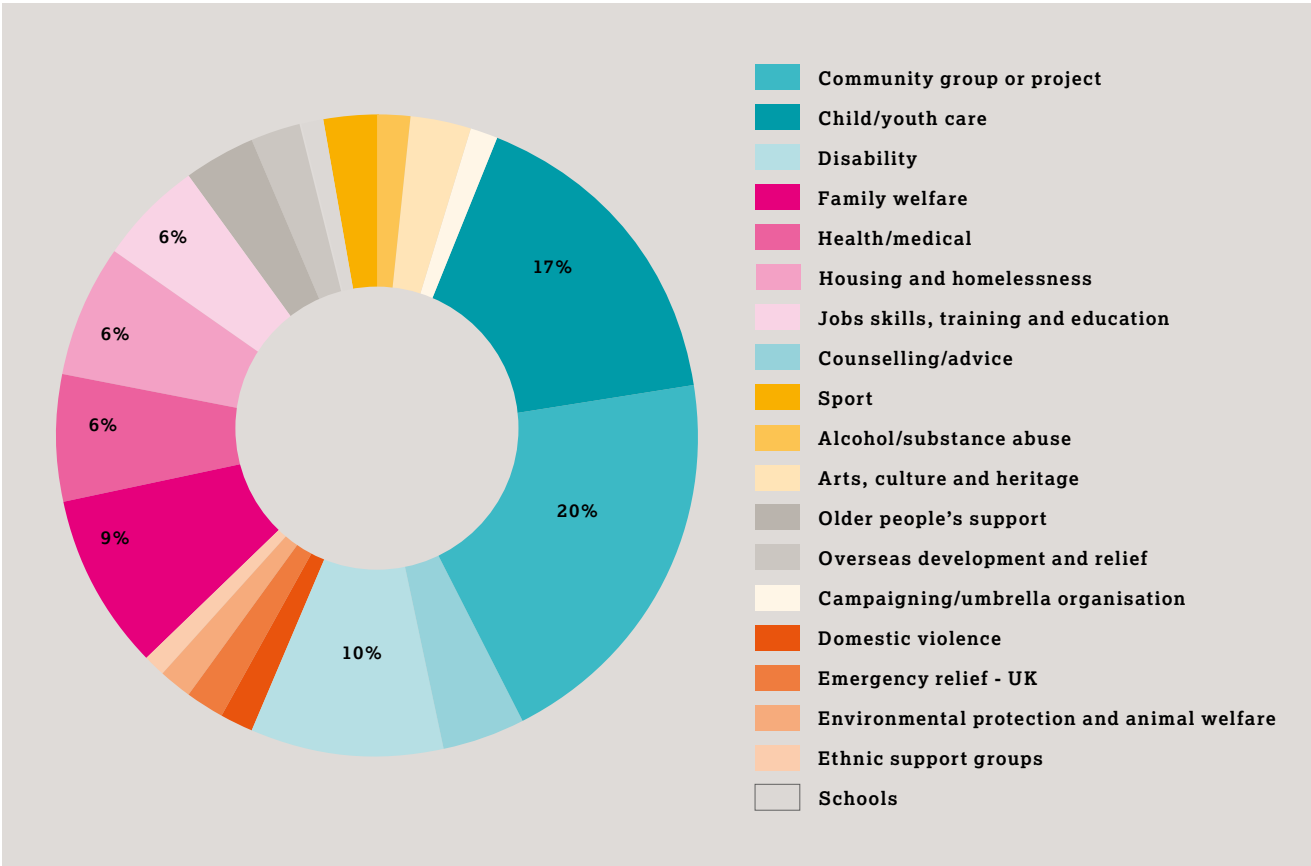


Fig 1 Charities by focus area as at April 2016

Campaigns, awareness and awards

Over the year we ran a series of themed campaigns about: women's support groups; sports, outdoor, health, isolation and poverty. Each campaign sought to raise awareness of charities in our network working to address specific issues and comprised direct mailings to existing and prospective donor partners backed by social media, press work and activities. 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.

We stepped up our social media work to raise awareness with companies and the wider public in advance of our 20th anniversary year celebrations in 2017. In addition, we were delighted to have our work

recognised at the Better Society Awards, the Charity Times Awards and the Corporate Engagement Awards.

Events

In June we held two events kindly hosted by Amazon: our "Hearts & Wallets" panel discussion was an opportunity for new and existing supporters to hear from expert speakers on trends in retail and corporate responsibility. Meanwhile our "Celebrating Impact" event marked the launch of our impact report and was attended by representatives of our charity network, donor partners and funders.

In September, we organised a tour of Buckingham Palace, which was a special opportunity to thank a number of significant supporters of our charity's work.

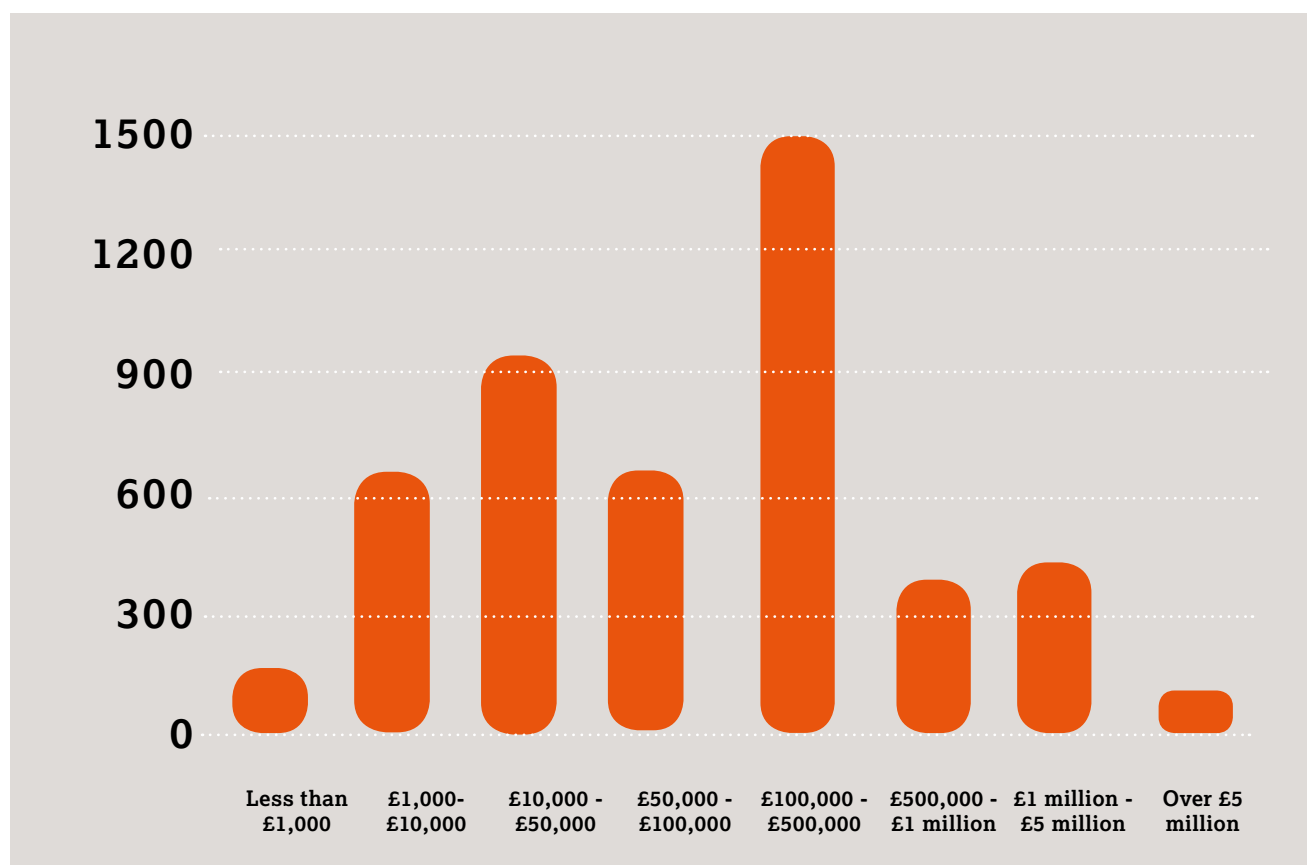


Fig 2 Charity network by annual income at April 2017

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 the National Association for Voluntary and Community Action (NAVCA), Councils for Voluntary Service (CVS) and the Directory of Social Change (DSC) continued. We also developed links with the Mind national office and Sported in order to increase our activities with charities working in mental health and sport respectively.

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. To date, donated goods valued at almost £8,000,000 have been redirected to other network members, where these goods have been surplus to requirements in the country of origin, including over £5,000,000 worth of goods during 2016.

Work commenced to start up In Kind Direct in Singapore as a separate company and charity, with a Singapore based CEO. In Kind Direct (Singapore) will operate as a licensee of IKDI. In addition, IKDI continues to work towards enabling the start-up of new licensees in other EU countries.

An annual conference for staff of the three network members was held in October 2016, with discussion sessions on donors and funders. Ongoing collaboration between network members continued, with regular conference calls addressing opportunities, common challenges and innovation.

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 third year that IKDI achieved financial results.

During 2016, IKDI received the following income:

	Unrestricted	Restricted
Licence fees	£39,000	-
Donations and gift aid	£31,250	-
Grant from In Kind Direct		£36,333
Total incoming resources	£70,250	£36,333

IKDI's expenditure was as follows:

	Unrestricted	Restricted
Staff costs	£56,256	-
Audit and accounting services	£ 1,600	-
Licence fees to IKD	£ 3,000	-
Other costs	£ 668	-
Total expenditure	£61,524	-

IKDI's reserves at the end of 2016 were:

	Unrestricted	Restricted
Balance at 1 January 2016	£23,021	£ 8,443
Movement during 2016	£ 8,726	£ 36,333
Balance at 31 December 2016	£31,747	£ 44,776

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 2016 with at least three months' operating reserves	3 months operating reserves	7 months operating reserves	✓
Net logistics income (after logistics costs) achieved	£383,924	£479,399	✓
£ expenditure to generate £1,000 of savings for recipient organisations	£189	£103 including overseas usage	✓

A key plank of our forward strategy is ensuring that the charity has the resources and capacity to deliver its objectives effectively.

2016 was a very strong year for income generated with income from distribution of goods charges, trading company and fundraising all ahead of target. This led to end of year reserves increasing to £696,949 well ahead of our 3 month minimum target.

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) Charges paid

It's free for charities to join our network. On ordering, charities pay a charge for the provision of goods, which includes delivery to their doors. As well as preventing stockpiling, this income is a crucial part of our income mix. In addition, we are required to levy a charge in order to protect donor companies from otherwise incurring VAT on the value of their donation of goods.

2) Trading income

2016 was the seventh 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 2016, we continued schemes with Staples Advantage and Ryman to

provide discounted access to office supplies as well as the expanded scheme with IT services company Arrow (formerly RDC). We also launched a new partnership with The Recycled Assets Company (TRACO), which provides an office and furniture clearance service to companies.

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 particularly important in ensuring that our service is accessible to small, under resourced charities which most need our support.

In 2016, we formally launched our Patrons' Network. 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 valuable funds for the charity.

We are hugely grateful and again extend our thanks to everyone who provided financial support to our charity throughout the 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 twenty-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 in 2015, In Kind Direct began a new five-year contract with TSB 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.

The charity received a grant from The Prince of Wales’s Charitable Foundation to install new energy efficient lighting and a cardboard shredder at the warehouse which have led to energy and financial savings as well as reduced waste.

We continued to run our successful corporate volunteering scheme during the year. Volunteers work intensively on reworking and preparing goods for distribution, which greatly increases our capacity to deal with complex mixed stock donations. In total

we organised 20 volunteer challenge days with 138 volunteers at our warehouse with teams from Lloyds Banking Group, Gowlings WLG, Capgemini 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 health reimbursement scheme, and cycle to work and childcare voucher schemes.

Our paid internships provide six to nine months’ 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.

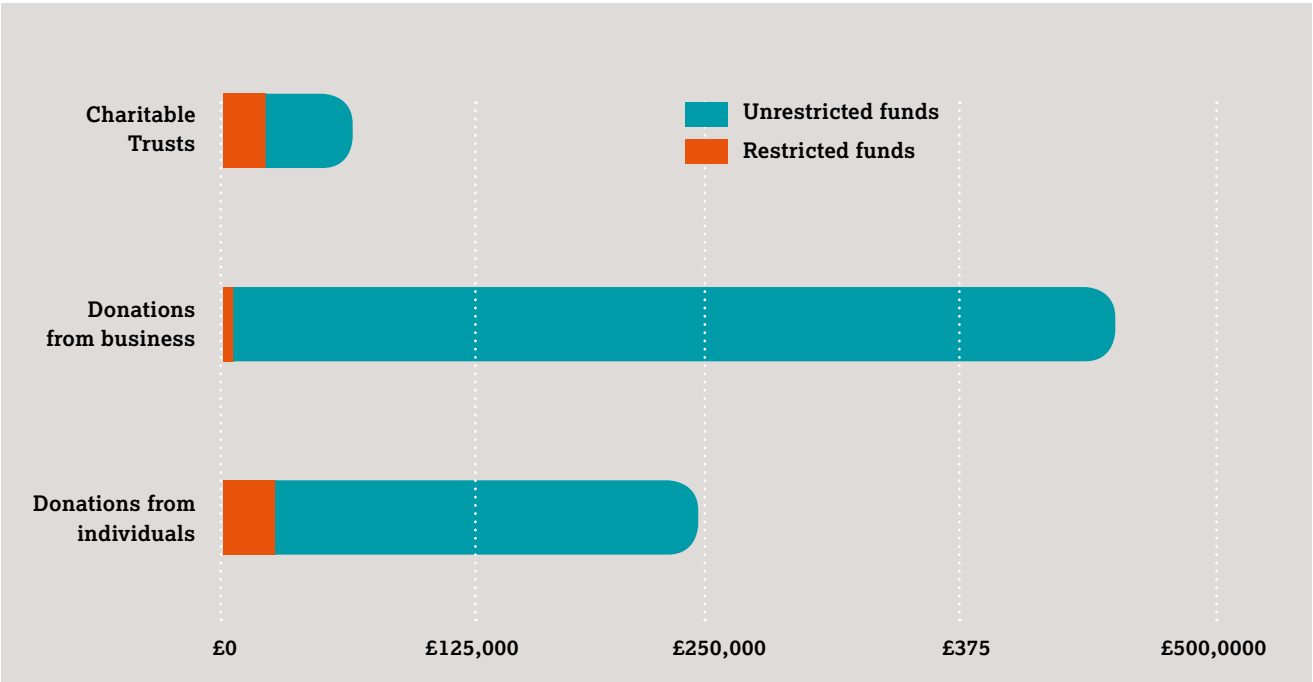


Fig 3 In Kind Direct sources of funding in 2016

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 charity partners and stakeholders. In 2016 we significantly increased adoption of cloud based infrastructure and services, utilising both Microsoft Azure and Amazon Web Services. This is providing service delivery, efficiency and resilience benefits and is a key strategy which we plan to continue. We also upgraded our ecommerce platform and undertook preparatory work to re-implement the charity's core business systems in 2017.

Volunteers

In 2016 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 2016

In 2016 our operational and fundraised income

meant we achieved above target unrestricted reserves, and we also put in place many building blocks for success in 2017.

In Kind Direct's logistics operations generated income of £1,118,814 (2015: £986,614) and Retail Donation Initiative registration fees of £4,485 (2015: £5,460). Logistics income increased by £132,200 (13.4%) compared to 2015.

£748,060 was donated to the In Kind Direct Group during 2016 (2015: £2,042,506), of which £699,817 was unrestricted and £48,243 was restricted.

The proportion of funding from charitable trusts and foundations increased during 2016 from 4.2% in 2015 to 8.6%; whilst the contribution from the corporate sector decreased from 84.5% to 59.7%, as the full 10 year grant for funding In Kind Direct's office was recognised in the 2015 accounts. Donations from individuals increased from 11.3% in 2015 to 31.7% in 2016. Major donor funding continues to have the potential to be a strong future funding stream.

In addition to unrestricted grants and donations, £24,035 was transferred from restricted funds to the general fund. The majority of this amount (£23,035) related to funding received to make capital improvements at the warehouse.

Financial review of 2016	2016	2015	Variance
Charges for distributing goods	£1,118,814	£986,614	+£132,200/+13.4%
Unrestricted donations	£699,817	£477,638	+£222,180/+46.5%
Restricted donations*	£48,243	£1,564,869	-£1,516,626/-96.9%
Total donations	£748,060	£2,042,506	-£1,294,446/-63.4%
Trading company gross income	£320,307	£250,412	+£69,895/+27.9%
Gift aid donation from trading company	£199,606	£118,058	+£81,548/+69.1%
Charitable activity costs	£1,909,374	£1,856,418	+£52,954/+2.9%
Overheads	£1,279,975	£1,243,305	+£36,670/+2.9%

*Under the new Charity SORP, the full value of the 10 year grant agreement to fund the new office was 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.

Trading company income increased from £250,412 in 2015 to £320,307 in 2016. This was due to the sale of goods partnership as well as the sale of goods to other third parties (£123,337); and income from our growing number of affiliate schemes. The gift aid donation from the trading company to In Kind Direct increased from £118,058 in 2015 to £199,606 in 2016.

Over £20.2 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 £1.91 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 5 for an analysis of our expenditure.

Overhead expenditure increased by 2.9% from 2015 to £1,279,975. This increase was largely due to the increase in staff costs as new roles were created and pro bono marketing support received.

Plans for the Future

2016 was the second year of operations following our strategic review. In 2016 the Board agreed a new glidepath setting out in increased detail how In Kind Direct intended to reach our long term ambition.

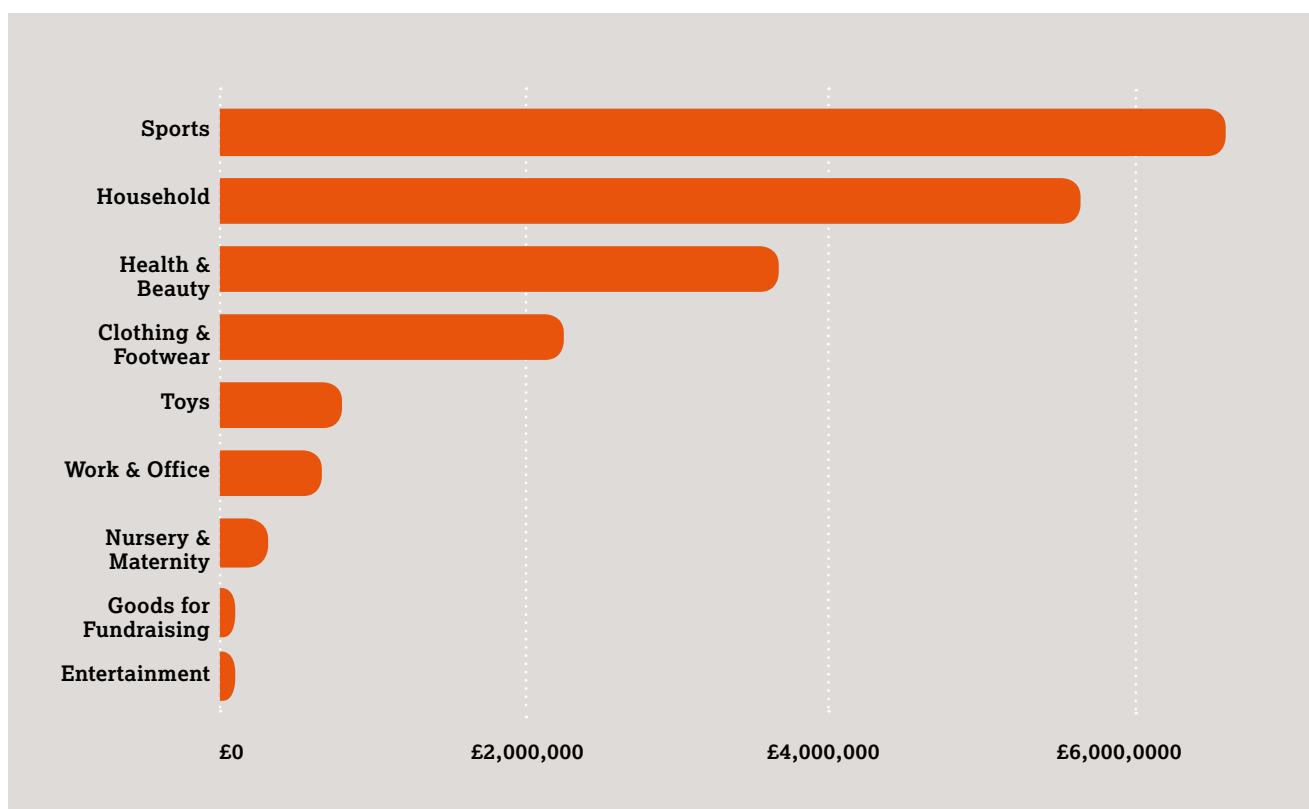


Fig 4 Value of goods distributed in 2016 by category

For 2017, our principal objectives and plans are as follows:

Objective

Plans

1. Trusted:

Drive savings for charities helping them to improve their impact

Key measures

Cumulative number of charities ever receiving product at year end = 8,640
Savings generated for charities = £15.3m
Impact index score = 80%

- Continual improvement and development through feedback gained through our charity survey, impact work and Charity User Advisory Group.
- Improve insight and analysis, leading to communications to help charities make better use of the service, through for example order-based communications
- Continue development of community amongst our charity partners through social media, webinars and events, helping to share best practice
- Expand the network of volunteers to support and develop charity partnerships across the regions
- Host a community picnic event to celebrate In Kind Direct's 20th Anniversary with In Kind Direct's charity partners.

2. Admired:

Increase the volume and value of needed products donated

Key measures

5% increase on volumes donated in 2016
>115 companies donating in the year
Reduced reliance on top donor companies

- Develop and deepen relationships with existing product donors in core product categories
- Expand regional presence, starting in the Northwest of England to engage new donors.
- Attract new donors to give through expanded business development activity, including marketing to encourage referrals.

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 = 900
New donor companies giving in the year = 30

- Integrated PR and media plan to develop brand awareness with target audiences during 20th anniversary year
- Launch refreshed brand identity with new logo and new, device-agnostic corporate website
- Coordinate research project on the product giving sector and its contribution to SROI and launch at forum event, working with consultancy PwC and donor partners.
- Ongoing support for the international network and In Kind Direct International

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 = £140
Minimum net handling charge income received=£452,244

- Continue efficiency improvements at the warehouse, reducing costs wherever suitable and responding effectively to growth in throughput
- Continue and expand our corporate warehouse volunteering programme.
- Secure and maintain new, long term support from corporate and individual patrons.
- Host a gala dinner in an iconic venue to recognise the contribution of major supporters as part of the 20th Anniversary celebrations.
- Develop and expand the Trading IK public sales initiative and other income-earning schemes
- Carry out upgrade of our ERP systems and implement enhanced CRM capability
- Continue migration to cloud computing platforms, increasing resilience and reducing costs
- Develop, support and retain our staff and volunteers

Structure, governance and management

In Kind Direct was formed in 1996 by our Royal Founding Patron, HRH The Prince of Wales. There are thirteen 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 and Network Development Committee which meet as required.

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 is 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.

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.

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 five part-time staff as well as one intern on a temporary contract.

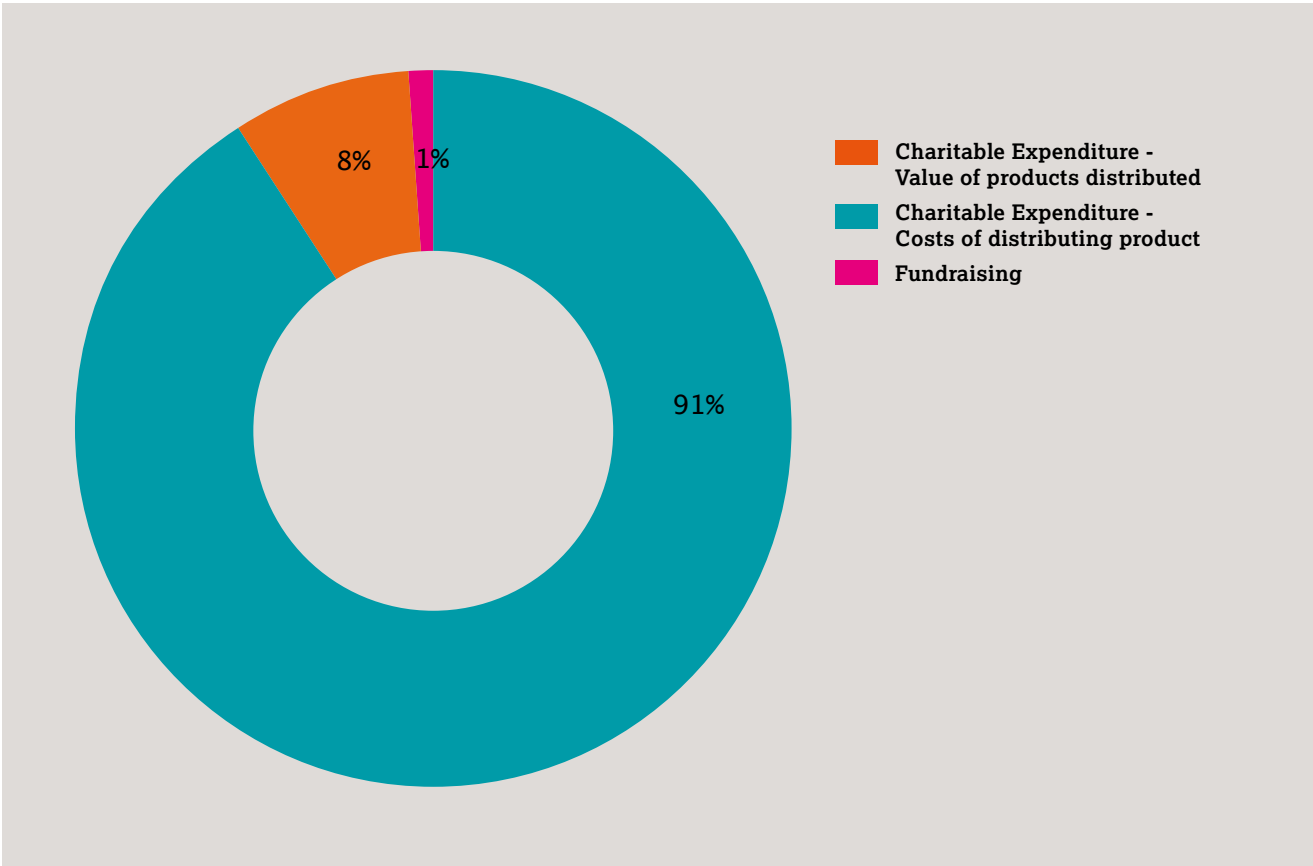


Fig 5 Expenditure breakdown

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 (2016: £283,009) 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 is assessed annually by the Finance & Audit Committee to ensure that it remains appropriate.

The reserves at 31 December 2016 were as follows:

Unrestricted reserves	£ 696,949
Restricted reserves	£ 1,282,258

Total reserves as at 31 December 2016 £1,979,207

The unrestricted reserves balance of £696,949 equates to 7.4 months of operating costs and represents an increase of £285,982 compared to the previous year (2015: £410,967). It is also in line with the longer term goal of achieving six months’ funds.

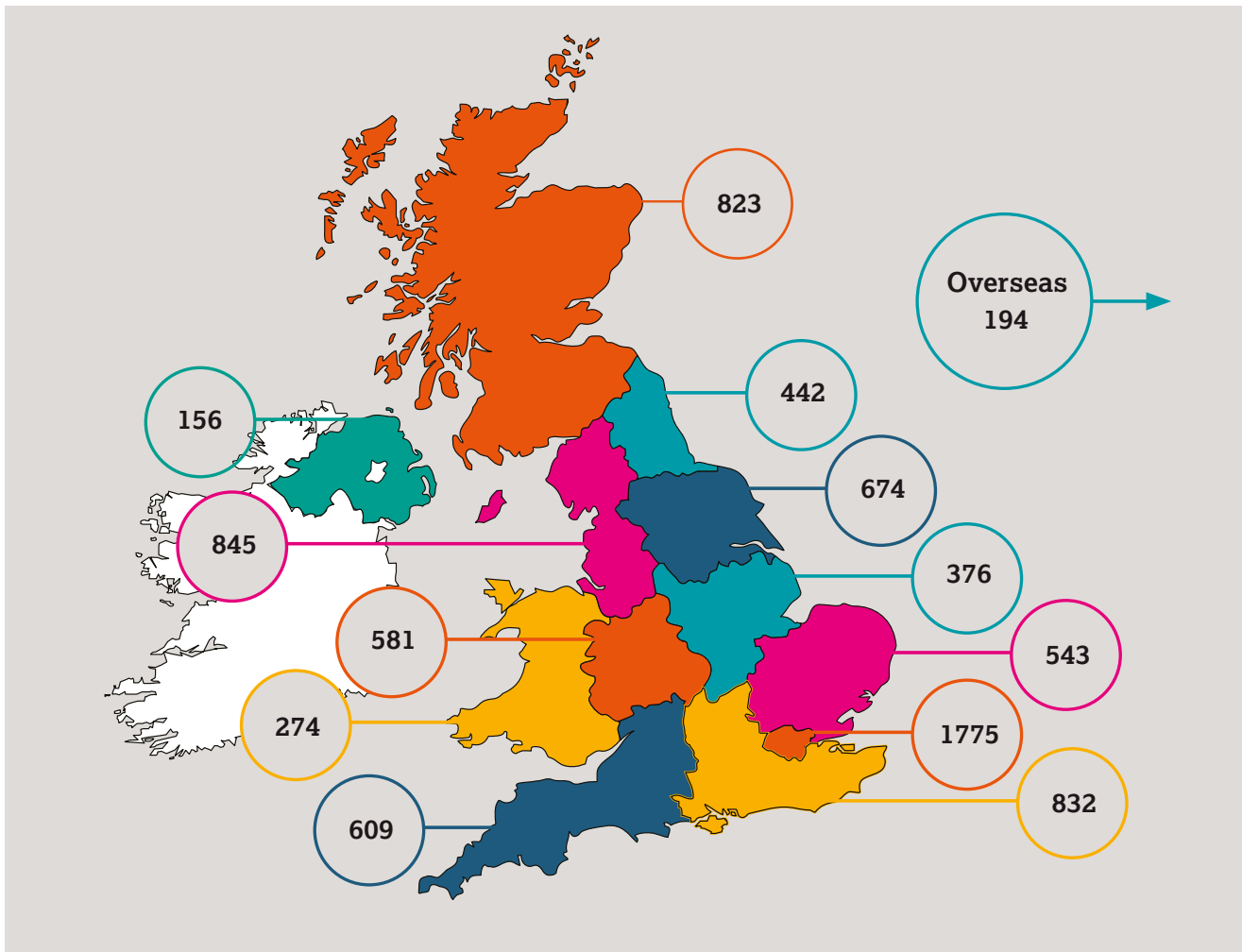


Fig 6 Number of charities ever receiving product at March 2017

Within the restricted funds, £1,230,723 relates to an accrual of 8 years' of grant income from Lloyds Banking Group towards the cost of In Kind Direct's offices. (See note 12b) A further £27,840 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 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 an acceptable 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. Periodically remuneration levels are benchmarked by outside industry specialists.

Qualifying indemnity insurance

The charitable company has granted an indemnity to its directors and officers against liability in respect of actions brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity insurance remains in force as at the date of approving the Trustees' report.

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



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“In Kind Direct helps us to drive down core costs. This is particularly important as many charities like ours must face the challenge of offering the same service as before but with lower budgets.”

Andrew Preston,
Director, Lambeth Elfrida
Rathbone Society



“

“With In Kind Direct we can keep our costs low and that means we can spend that money on services and activities for the children.”

St Andrew's Club

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:

Teresa Tideman (Chair)

Amar Abbas

Appointed 25 July 2016

Debra Allcock-Tyler

Graham Burridge

Appointed 1 May 2017

James Garvey

Resigned 29 June 2017

Tim Hinton

Appointed 29 June 2017

Stephen Howard LVO

Resigned 18 October 2016

Graham Inglis

Appointed 1 May 2017

Ajay Kavan (Deputy Chair)

Amanda Mackenzie

Appointed 2 November 2016

Tom Moody

John Pattullo (Chair)

Resigned 29 June 2017

Rachel Rhodes (Chair of Finance & Audit Committee)

Michael Ross

Andrew Rubin

Rebecca Salt

Resigned 29 June 2017

Andrew Wright

Changes in fixed assets

Expenditure of £27,457 was incurred during the year at the warehouse. The main investments made were LED lighting to save on energy costs (£13,300); new fencing (£4,422); improvements to the mezzanine area (£5,085) and a new cardboard shredder (£4,650). £23,035 of this expenditure came from restricted grants received by the charity.

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 lone refugee youth that we support are seeking asylum from war and persecution in various parts of Western Asia and East Africa. One of our projects is ‘Arrival Packs’, backpacks crammed full of toiletries, a towel, underwear, warm and waterproof clothing and other essentials. In Kind Direct is our first port of call to obtain these goods.”

Angela Gluck, Trustee, Separated Child Foundation.

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 connected to our Royal Founding Patron. These are detailed in Note 18, page 47, 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 three director trustees of In Kind Direct, are director/trustees of IKDI. They are Teresa Tideman, Graham Inglis and Michael Ross.

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 20 September 2016.

This report was approved by the Board on 30 June 2017 and signed on its behalf by



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 2016 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2016 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, based on the work undertaken in the course of the audit, the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with those financial statements and has been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report.

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 from preparing a strategic report.



Richard Weaver (Senior Statutory Auditor)
for and on behalf of haysmacintyre, Statutory Auditor
30 June 2017
26 Red Lion Square
London WC1R 4AG



“

“In Kind Direct has changed people’s lives, probably more than you realise. Even one bottle of shampoo or shower gel does wonders for people’s self-esteem.”

Africa Advocacy Foundation



“

“The money we save on goods such as cleaning products, washing up liquid, toilet papers, razors and hand wash allows us to keep many of the activities going. We are extremely grateful for this.”

Barons Court Project

Consolidated Statement of Financial Activities for the year ended 31 December 2016

	Notes	Unrestricted Funds	Restricted Funds	Totals 2016	Unrestricted Funds	Restricted Funds	Totals 2015
		£	£	£	£	£	£
INCOME							
Income from donations							
Value of donated goods distributed	4	19,645,310	579,764	20,225,074	11,253,687	851,997	12,105,684
Donations	3	699,817	48,243	748,060	477,637	1,564,869	2,042,506
Donated services for own use	4	42,065	-	42,065	75,131	-	75,131
Income from charitable activities:							
Retail donation registration fees		4,485	-	4,485	5,460	-	5,460
Charges for providing goods		1,118,814	-	1,118,814	986,614	-	986,614
Other charitable income		41,695	-	41,695	27,649	-	27,649
Income from other trading activities:							
Commercial trading operations	5	320,307	-	320,307	250,412	-	250,412
Income from Investments		927	-	927	389	-	389
Total income excluding value of donated goods distributed		2,228,110	48,243	2,276,353	1,823,292	1,564,869	3,388,161
TOTAL INCOME		21,873,420	628,007	22,501,427	13,076,979	2,416,866	15,493,845
EXPENDITURE							
Expenditure on Raising Funds:							
Costs of Raising Funds	6	64,219	27,892	92,111	43,224	4,908	48,132
Costs of Trading Activities	6	117,101	-	117,101	128,753	-	128,753
		181,320	27,892	209,212	171,977	4,908	176,885
Expenditure on Charitable Activities:							
Distribution of donated goods	6	19,645,310	579,764	20,225,074	11,253,687	851,997	12,105,684
Other Charitable Costs	6	1,784,843	124,531	1,909,374	1,706,131	150,289	1,856,420
		21,430,153	704,295	22,134,448	12,959,818	1,002,286	13,962,104
TOTAL EXPENDITURE	6	21,611,473	732,187	22,343,660	13,131,795	1,007,194	14,138,989
Net Income/(Expenditure) for the Year Before Transfers		261,947	(104,180)	157,767	(54,816)	1,409,672	1,354,856
Gross Transfers Between Funds		24,035	(24,035)	-	44,783	(44,783)	-
Net Movement in funds		285,982	(128,215)	157,767	(10,033)	1,364,889	1,354,856
Funds brought forward at 1 January		410,967	1,410,473	1,821,440	421,000	45,584	466,584
Funds carried forward at 31 December	15	696,949	1,282,258	1,979,207	410,967	1,410,473	1,821,440

The financial activities above relate wholly to the continuing activities of In Kind Direct.
The notes on pages 37 to 49 form part of these financial statements.
There are no recognised gains or losses other than those dealt with in the above statements.

Consolidated Balance Sheet at 31 December 2016

	Notes	Unrestricted Funds	Restricted Funds	Total 2016	Unrestricted Funds	Restricted Funds	Total 2015
		£	£	£	£	£	£
Fixed assets							
Tangible assets	10	81,039	-	81,039	103,899	-	103,899
Investments	11	-	-	-	-	-	-
Current assets							
Debtors	12	289,510	1,230,722	1,520,232	251,504	1,359,787	1,611,291
Investments		200,000	-	200,000	-	-	-
Cash at bank and in hand		511,854	51,536	563,390	215,111	50,686	265,797
		1,001,364	1,282,258	2,283,622	466,615	1,410,473	1,877,088
Creditors: amounts falling							
due within one year	13	(170,454)	-	(170,454)	(159,547)	-	(159,547)
Deferred income	14	(215,000)	-	(215,000)	-	-	-
Net current assets		615,910	1,282,258	1,898,168	307,068	1,410,473	1,717,541
Net assets		696,949	1,282,258	1,979,207	410,967	1,410,473	1,821,440
Funds							
Balance at 1 January		410,967	1,410,473	1,821,440	421,000	45,584	466,584
Movement in Funds		285,982	(128,215)	157,767	(10,033)	1,364,889	1,354,856
Balance at 31 December	15	696,949	1,282,258	1,979,207	410,967	1,410,473	1,821,440

The financial statements were approved and authorised for issue by the directors on the 30 June 2017 and were signed on its behalf by:



Rachel Rhodes
Director and Trustee

The notes on pages 37 to 49 form part of these financial statements.

Company Balance Sheet at 31 December 2016 (Charity)

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Unrestricted Funds £	Restricted Funds £	Total 2015 £
Fixed assets							
Tangible assets	10	81,039	-	81,039	103,899		103,899
Investments	11	1	-	1	1		1
Current assets							
Debtors	12	328,085	1,230,722	1,558,807	265,265	1,359,787	1,625,052
Investments		200,000	-	200,000	-	-	-
Cash at bank and in hand		382,213	43,093	425,306	174,285	42,243	216,528
		910,298	1,273,815	2,184,113	439,550	1,402,030	1,841,580
Creditors: amounts falling due within one year	13	(162,470)	-	(162,470)	(155,504)	-	(155,504)
Deferred income	14	(200,000)	-	(200,000)	-	-	-
Net current assets		547,828	1,273,815	1,821,643	284,046	1,402,030	1,686,076
Net assets		628,868	1,273,815	1,902,683	387,946	1,402,030	1,789,976
Funds							
Balance at 1 January		387,946	1,402,030	1,789,976	401,340	29,584	430,924
Movement in Funds		240,922	(128,215)	112,707	(13,394)	1,372,446	1,359,052
Balance at 31 December	15	628,868	1,273,815	1,902,683	387,946	1,402,030	1,789,976

The financial statements were approved and authorised for issue by the directors on the 30 June 2017 and were signed on its behalf by:



Rachel Rhodes
Director and Trustee

The notes on pages 37 to 49 form part of these financial statements.

Consolidated and Company Statement of Cash Flows

	Notes	Group 2016 £	Group 2015 £	Charity 2016 £	Charity 2015 £
Cash used in operating activities	20	524,123	39,061	435,308	48,517
Cash flows from investing activities					
Interest income		927	389	927	300
Transfer of cash to current asset investments		(200,000)	-	(200,000)	-
Purchase of tangible fixed assets		(27,457)	(42,632)	(27,457)	(42,632)
Cash (used in) investing activities		(226,530)	(42,243)	(226,530)	(42,332)
Increase/(decrease) in cash and cash equivalents in the year		297,593	(3,182)	208,778	6,185
Cash and cash equivalents at the beginning of the year		265,797	268,979	216,528	210,343
Total cash and cash equivalents at the end of the year		563,390	265,797	425,306	216,528

See note 20 for the reconciliation of net income/(expenditure) to net cash flow from operating activities.

Notes to the Financial Statements – year ended 31 December 2016

1. Principal accounting policies

General Information

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).

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 year ended 31 December 2016.

Income of In Kind Direct (parent company) amounted to £22,350,064. Net movement in funds amounted to £112,707.

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. 55% of the charity's unrestricted cash income results from charges paid by the charities in the network. Sources of income from the charity's trading subsidiary continues to increase. In 2016, the number of charities in the network using the In Kind Direct service increased by 3.4% from 2,467 to 2,550. Knowing from where all funding required will be sourced in any year can never be certain in advance.

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.

Income

All income is recognised 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.

Expenditure

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 – Being 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. These costs are included within support costs.

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

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.

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.

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.

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.

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.

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 charity 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.

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.

Notes 3–4

3. Other Voluntary Income (Group)

	Restricted Funds £	Unrestricted Funds £	Total 2016 £	Restricted Funds £	Unrestricted Funds £	Total 2015 £
Charitable Trusts	21,023	43,200	64,223	250	85,538	85,788
Business donations	3,658	443,110	446,768	1,564,490	160,909	1,725,399
Donations by individuals	23,562	213,507	237,069	129	231,190	231,319
	48,243	699,817	748,060	1,564,869	477,637	2,042,506

4. Donated goods and services

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

	Restricted Funds £	Unrestricted Funds £	Total 2016 £	Restricted Funds £	Unrestricted Funds £	Total 2015 £
Value of donated goods distributed	579,764	19,645,310	20,225,074	851,997	11,253,687	12,105,684
Services donated for own use	-	42,065	42,065	-	75,131	75,131
	579,764	19,687,375	20,267,139	851,997	11,328,818	12,180,815

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 2016 were:

	31 December 2016 £	31 December 2015 £
Turnover	320,307	250,412
Cost of sales	(112,202)	(125,928)
Gross profit	208,105	124,484
Distribution costs	(2,771)	(1,496)
Administration costs	(5,728)	(4,930)
Profit for the year	199,606	118,058
Gift Aid to In Kind Direct	(199,606)	(118,058)
Result for the year 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	44,705	12,420
Creditors and accruals	(44,704)	(12,419)
Net Assets	1	1

IKDI

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 2016 £	31 December 2015 £
Total incoming resources	106,583	59,715
Total resources expended	(61,525)	(63,911)
Net incoming resources	45,058	(4,196)
Funds brought forward at 1 January 2016	31,465	35,661
Funds carried forward at 31 December 2016	76,523	31,465

Notes 6–7

6. Expenditure

	Direct cost £	Support cost £	Total 2016 £	Total 2015 £
Cost of Charitable Activities				
Distribution of donated goods	20,225,074	-	20,225,074	12,105,684
Other charitable costs	682,865	1,226,509	1,909,374	1,856,420
	20,907,939	1,226,509	22,134,448	13,962,104
Cost of Generating Funds				
Fundraising activities	38,645	53,466	92,111	48,132
Trading activities	117,101	-	117,101	128,753
Total Resources Expended	21,063,685	1,279,975	22,343,660	14,138,989

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 2016 £	Total 2015 £
Management/Other	566,476	40,721	607,197	562,461
Finance & IT	157,516	2,451	159,967	158,795
Logistics	204,619	-	204,619	202,728
Charities	131,754	696	132,450	127,909
Fundraising	28,742	3,604	32,346	16,053
Premises	137,402	5,994	143,396	175,359
	1,226,509	53,466	1,279,975	1,243,305

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.

Notes 8–9

8. Employees

Staff costs comprise:

	Total 2016 £	Total 2015 £
Salaries and wages	765,922	723,467
Social security costs	74,791	71,812
Other pension costs	64,898	62,140
	905,611	857,419

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

	2016	2015
Distribution of donated goods	16	15
Governance	1	1
	17	16

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

£60,001 - £70,000	1	1
* £150,001 - £160,000	1	1

* includes benefit in kind in respect 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 £64,898 (2015: £62,140) were paid during the year to this scheme including £26,854 (2015 : £23,960) in respect of the highest paid members; and £20,340 (2015 : £19,625) 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 £532,675 (2015: £504,406).

The trustees did not receive remuneration for their services to the company during the period (2015: £nil). Expenses incurred by one director were reimbursed by the company (£200) (2015: £nil).

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

	2016 £	2015 £
Auditor remuneration - audit fee	10,750	11,250
Operating Lease rentals	71,414	72,376
Depreciation	50,317	54,519

Notes 10–11

10. Tangible Fixed Assets

	Computer Equipment Unrestricted Funds £	Warehouse Equipment Unrestricted Funds £	Office Equipment Unrestricted Funds £	Total 2016 £	Total 2015 £
Cost as at 1 January 2016	82,463	112,344	42,632	237,439	194,807
Additions during year	-	27,457	-	27,457	42,633
Cost as at 31 December 2016	82,463	139,801	42,632	264,896	237,439
Depreciation as at 1 January 2016	(30,923)	(95,512)	(7,105)	(133,540)	(79,021)
Charge for year	(20,616)	(15,490)	(14,211)	(50,317)	(54,519)
Depreciation as at 31 December 2016	(51,539)	(111,002)	(21,316)	(183,857)	(133,540)
Net book value as at 1 January 2016	51,540	16,832	35,527	103,899	115,785
Net book value as at 31 December 2016	30,924	28,799	21,316	81,039	103,899

11. Investment (Charity)

	Unrestricted Funds £	Total 2016 £
Shares - subsidiary company Trading IK Ltd	1	1
Cost at 1 January 2016 and 31 December 2016	1	1

Notes 12–14

12a Debtors - unrestricted

	Group 2016 £	Group 2015 £	Charity 2016 £	Charity 2015 £
Prepayments	40,339	41,754	40,339	41,754
Trade debtors	29,584	11,268	8,031	11,237
Intercompany debtors	-	-	60,128	21,037
Taxation and social security	-	1,106	-	-
Accrued income*	219,587	197,376	219,587	191,237
Other debtors	-	-	-	-
	289,510	251,504	328,085	265,265

* Mostly donations recognised in the 2016 accounts but received early in 2017, and commissions due to trading subsidiary (group accounts).

12b Debtors - restricted

	Group 2016 £	Group 2015 £	Charity 2016 £	Charity 2015 £
Grant income debtor*	1,230,722	1,359,787	1,230,722	1,359,787
	1,230,722	1,359,787	1,230,722	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.

13a Creditors: amounts falling due within one year - unrestricted

	Group 2016 £	Group 2015 £	Charity 2016 £	Charity 2015 £
Trade creditors	(95,087)	(71,700)	(95,087)	(71,700)
Accruals	(35,593)	(46,050)	(27,609)	(39,690)
Intercompany creditor	-	-	-	(2,317)
Taxation and social security	(39,774)	(41,797)	(39,774)	(41,797)
	(170,454)	(159,547)	(162,470)	(155,504)

* Deferred income relates to grants received to which In Kind Direct is entitled in the next financial year.

14. Deferred income

	Group 2016 £	Group 2015 £	Charity 2016 £	Charity 2015 £
Deferred income*	(215,000)	-	(200,000)	-

* £200,000 of the deferred income relates to grants received to which In Kind Direct is entitled in the next financial year.

Note 15a

15a Reserves (Group)

Restricted Funds:	Movement in Resources				
	Balance at 1 Jan 2016 £	Incoming Grants £	Expenditure £	Transfers between funds £	Balance at 31 Dec 2016 £
1 DS Smith	168	-	(168)	-	-
2 Beatrice Laing Trust	11,434	-	(765)	(5,085)	5,584
3 Lloyds Bank Premises Fund	1,376,508	-	(123,770)	(13,920)	1,238,818
4 Premises Fund 3 - dilaps	13,920	-	-	13,920	27,840
5 Justgiving Refugees	-	1,062	(1,062)	-	-
6 20th Anniversary Project	-	22,500	(22,500)	-	-
7 Office opening	-	658	(658)	-	-
8 Flood Relief	-	1,000	-	(1,000)	-
9 PWCF	-	19,523	-	(17,950)	1,573
10 VAT query	-	2,000	(2,000)	-	-
11 JR Corah	-	1,500	(1,500)	-	-
12 McCarthy Denning (IKDI)	8,443	-	-	-	8,443
13 Value of goods distributed	-	579,764	(579,764)	-	-
Total Restricted Funds	1,410,473	628,007	(732,187)	(24,035)	1,282,258
Unrestricted Funds	410,967	21,873,420	(21,611,473)	24,035	696,949
Total Funds	1,821,440	22,501,427	(22,343,660)	-	1,979,207

Details

- (1) Funds towards the cost of warehouse packaging supplies.
- (2) Funds towards the cost of capital improvements at the warehouse.
- (3) Funds to pay rent, service charge, utilities and other office running costs.
- (4) Funds towards legal/professional fees and office dilapidations should the office lease break clause be exercised in year 5.
- (5) Funds towards work with charities supporting refugees
- (6) Funds towards consultancy fees for the 20th Anniversary project
- (7) Funds towards a staff celebration for the opening of the new IKD office.
- (8), (11) Funds are for the purpose of enabling charities in a particular sector or geographical location to benefit from the In Kind Direct Service.
- (9) Funds are for the installation of LED lighting at the warehouse.
- (10) Funds are for professional fees related to a VAT query raised by a product donor.
- (12) Funds represent start up costs for IKDI and to expand the IKDI network.
- (13) These are goods which the donor company has specified must go overseas, or that have been restricted by the donor in some other way.

Note 15b

15b Reserves (Charity)

Restricted Funds:	Movement in Resources				
	Balance at 1 Jan 2016 £	Incoming Grants £	Expenditure £	Transfers between funds £	Balance at 31 Dec 2016 £
DS Smith	168	-	(168)	-	-
Beatrice Laing Trust	11,434	-	(765)	(5,085)	5,584
Lloyds Bank Premises Fund	1,376,508	-	(123,770)	(13,920)	1,238,818
Lloyds Bank Premises Fund - dilapidations	13,920	-	-	13,920	27,840
Justgiving Refugees	-	1,062	(1,062)	-	-
20th Anniversary Project	-	22,500	(22,500)	-	-
Office opening	-	658	(658)	-	-
Flood Relief	-	1,000	-	(1,000)	-
PWCF	-	19,523	-	(17,950)	1,573
VAT query	-	2,000	(2,000)	-	-
JR Corah	-	1,500	(1,500)	-	-
Value of goods distributed	-	579,764	(579,764)	-	-
Total Restricted Funds	1,402,030	628,007	(732,187)	(24,035)	1,273,815
Unrestricted Funds	387,946	21,722,057	(21,504,170)	23,035	628,868
Total Funds	1,789,976	22,350,064	(22,236,357)	(1,000)	1,902,683

Note 16–17

16. 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:

	2016 £	2015 £
Office accommodation, printing & postage charges	17,065	58,331
Marketing support	25,000	-
IT project	-	16,800
	42,065	75,131

17. Obligation under operating lease (Charity)

At 31 December the charitable company had the following future minimum rentals payable in respect of non-cancellable operating leases for one motor vehicle as set out below:

Minimum rentals falling due:	Motor vehicle £	Total 2016 £	Total 2015 £
Within 1 year	5,533	5,533	6,640
Between 1 and 5 years	-	-	5,533
	5,533	5,533	12,173

At 31 December the charitable company had the following future minimum rentals payable in respect of non-cancellable operating leases for one office premises as set out below:

Minimum rentals falling due:	Office premises 2016 £	Total 2016 £	Total 2015 £
Within 1 year	64,774	64,774	69,375
Between 1 and 5 years	400,501	400,501	416,539
More than 5 years	216,178	216,178	301,194
	681,453	681,453	787,109

Future payments have been adjusted for the effect of rent-free periods in years 5 & 7 of the lease.

Note 18–20

18. Related party transactions

In Kind Direct's Royal Founding Patron is HRH The Prince of Wales. Amanda Mackenzie, Chief Executive of Business in the Community, a charity whose Royal Founding Patron is HRH The Prince of Wales, 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 2016 was £24,000 (2015: £11,329).

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.

19. Capital commitments

There were no contractual obligations for capital commitments in place at 31 December 2016.

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

	Group		Charity	
	2016 £	2015 £	2016 £	2015 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	157,767	1,354,856	112,707	1,359,053
Adjustments for:				
Depreciation charges	50,317	54,518	50,317	54,519
Dividends, interest and rents from investments	(927)	(389)	(927)	(300)
(Increase)/decrease in debtors	91,059	(1,413,863)	66,245	(1,415,709)
Increase/(decrease) in creditors	225,907	43,939	206,966	50,954
Net cash provided by (used in) operating activities	524,123	39,061	435,308	48,517



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