



IN KIND DIRECT
(a company limited by guarantee)

Report and Financial Statements
for the year ended 31 December 2019

Registered Company no: 03155226
Registered Charity no: 1052679

Report and Financial Statements

for the year ended 31 December 2019

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REFERENCE AND ADMINISTRATIVE DETAILS

Directors and Trustees

Teresa Tideman (Chair)
Ajay Kavan (Deputy Chair)
Scott Barton
Graham Burridge
Barry Furlong
Tim Hinton
Graham Inglis
Tom Moody
Martin Newman
Andrew Rubin
Debra Allcock Tyler
Richard Wolff

Chief Executive

Rosanne Gray – from 12 December
2019
Robin Boles – until 11 December 2019

Independent Auditor

Haysmacintyre LLP
10 Queen Street Place
London
EC4R 1AG

Bankers

Lloyds Banking Group
109 Finsbury Pavement
London
EC2A 1LB

Honorary Solicitors

Addleshaw Goddard
60 Chiswell Street
London
EC1Y 4AG

Status

In Kind Direct is:

- ◆ a company limited by guarantee, number 03155226.
- ◆ 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 2019 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 2020 Investors' Circle:

Lloyds Banking Group

Nutt, Mr & Mrs Anthony

Diamond Patrons:

Amazon Web Services

McBride

DS Smith Charitable Foundation

ReBOUND Returns

Levin, Mr Vadim

Patrons:

Acheson & Acheson

Rubin, Andy

Acheson, Mr & Mrs Kenneth

The Walt Disney Company

Britford Bridge Trust

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

Other Financial Supporters

AmazonSmile

Allcock-Tyler, Ms Debra

Anonymous donors

Asplin, Mr Robert

AXA Liabilities

Bradie, Mr James

Burlin, Mr Michael

CAF

Cecil Pilkington Charitable Trust

Cheytan, Ms Shadia

Clark, Ms Jennifer

Faith in Nature

Fitzgerald, Mr David

Foster, Mr & Mrs Russell

Garvey, Mr James

Gould, Mrs Joanna

Hamper, Mr Thomas

Hancock, Mr & Mrs Tim

Hanlon, Mr Steve

Hornett, Mr Andrew

Houinato, Mr Frederic

Inman Charity Trustees

JR Corah Foundation

Lalani, Mr & Mrs Sal

Leach Fourteenth Trust

Lee, Mr Conrad

Lloyd, Mr Peter

Lupo, Mr & Mrs Patrick

Marsh Christian Trust

Milambiling, Ms Lareina

Parekh, Mr & Mrs Gary

Perera, Mrs Hannah

Powell, Mr Alex

Randall, Mrs Raesa

Ricoh UK

SC Johnson

Sir James Knott Trust

Santander

Suganthan, Mr Thirusul

The 29th May1961 Charitable Trust

The Maud Elkington Charitable Trust

The Morgan Charitable Foundation

The Walt Disney Company

Tideman, Mrs Teresa

Weston, Mr Luke

Donated goods:

Household

AKW
Balsam Brands
DEE SET
Dunelm Group
Duracell UK
Essity
Eve Sleep
Evo Lifestyle Products
Exclusively Housewares (Event)
Floralsilk
Greener Cleaner
Harrison Wipes
Kimberly Clark
McBride
P&G
Pluswipes
PZ Cussons
Rajapack
Reckitt Benckiser
SC Johnson
Sykes Global Services
Tala
The Waiter's Friend Company
Trendsetter Home Furnishings
Unilever UK
Zenith Hygiene

Clothing, Footwear & Sports

Brand Addition
Dons Solidaires
Lacoste
LiveNation
Lora Gene
Mabes
Mitre Prostar
Modibodi
Nike UK
Pentland Brands plc
Petit Bateau UK
Po-Zu
Springuru
Vans Europe
Zero Negativity

Toys, Baby & Educational

Arcadia Branded Merchandise
Big Potato Games
Eldon Insurance
Gist
LEGO
Manhattan Toy
Mr Sandman
The AA
The Disney Store
Usborne Publishing
WOW Toys
Yellow Door

Work & Office

Canon Europe
Cygnet Health Care
Lloyds Banking Group
Martha Brook
Newell Brands
Office Depot
PG Paper Company
Premier Paper Group
Rustic Town
Stone Marketing
Synergy Salon Supplies
Winplus Europe

Household Appliances, Tools & Electronics

Dixons Carphone
Samsung Electronics
Screwfix
SharkNinja

General Retail

Amazon.co.uk
Asda Stores
Zebra A/S - Flying Tiger Copenhagen

Cookware, Kitchen, Ambient & Pet Food

Britvic
Bunzl Catering Supplies
Gregg's
Lindt & Sprungli
Mars Pet Nutrition UK
Meyer Group
Nestlé UK
pladis Global
Water Direct

Donated Services

Amazon
Amazon Web Services
Baker, Mr Mark
Business in the Community
Capgemini
Crew 4
Directory of Social Change
D&P Luxury Toilets
Elliot, Mr Graham
Family Business Place
FortyNotFrumpy
Hill, Ms Becky Goddard
Jaguar Land Rover
Johnson & Johnson
Key Structures
KidzBop
LEGO
Lloyds Banking Group

L'Oréal
One Water
Pentland Brands
PinkBearBear
Procter & Gamble
ReBOUND Returns
Ricoh
Royal Hospital Chelsea
Santander
The Service Business
The Walt Disney Company
Total Sensory
Tricone Events
TSB Supply Chain
Twist, Ms Ine
Willingham, Ms Sarah
Xerox
YaHire Furniture

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 2019

- £16.0 million at retail value of goods distributed to charitable organisation
- Equivalent to 4,308 pallets (166 lorry loads) of goods donated for distribution
- 2,605 charitable organisations benefiting from our services in the year

Achievements since 1997

- £240 million at retail value of products distributed to charitable organisations
- To date over 10,000 charitable organisations have benefited from our service providing goods

Trustees' report for the year ended 31 December 2019

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 2019.

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 products from manufacturers and retailers to UK charitable organisations. We have distributed over £240 million of donated goods from 1,200 companies. 10,000 charitable organisations have received products to date. In Kind Direct works for the public benefit by ensuring that the expenditure of other charitable organisations 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 charitable organisations 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 charitable organisations where it is needed most. We inspire confidence in companies to donate, by vetting all charitable organisations in our network and monitoring them closely to ensure products are used only for charitable purposes. Charitable organisations request goods via our online catalogue (www.inkinddirect.org). They pay a small charge for goods ordered which includes delivery to their doors. This helps prevent stockpiling, makes an important contribution towards covering our costs and protects our donor companies from incurring VAT on their product donations.

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 consumer goods across the UK.

In addition to our core service distributing donated products from companies, In Kind Direct, along with our trading company, also helps charitable organisations to access valuable resources by negotiating discounts on new and refurbished essential products through 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 charitable organisations money:** By securing goods from In Kind Direct, organisations 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 charitable organisations improve and extend their services:** By opening up access to high quality products for those with limited budgets, we enable charitable organisations to improve the services 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 providing goods enables charitable organisations to give 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

2019 was the fifth year of our strategic plan, which sets out what we want to achieve as an organisation by 2020.

Progress against the objectives for 2019 is set out below:

1. **TRUSTED: Drive savings for charitable organisations helping them to improve their impact**

Key Measures	2019 Target	Achieved	
Cumulative number of charitable organisations ever receiving product at year end	10,000	10,100	✓
Savings generated for charitable organisations	£4,757	£5,692	✓
Impact index score	85%	93%	✓

In 2019 we continued to see growth in demand for our service among voluntary and community organisations of all sizes, tackling a huge range of issues. 2,605 charitable organisations received donated products during 2019. In total 3,107 charitable organisations benefited from products including those accessed through our affiliate partners. This took the cumulative number of charitable organisations benefiting beyond our original target to 10,100.

The value of products distributed to charitable organisations reached £16.0m, generating total savings for charitable organisations of £14.8m (after charges paid are removed). This was a strong result, and higher than in 2018.

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 charitable partners against various measures as they renew their free accounts with us each year. We also gain insight through visits, focus groups and end of order feedback.

Annually we survey charitable organisations using our service providing goods. In 2019 we reviewed our questionnaire and will continue to do this each year to ensure we remain focussed on understanding the real difference products make for individuals within communities, as well as the charitable organisation we work directly with. In this year's survey, we received 981 responses and the headline findings were:

- 80% of respondents said they see In Kind Direct as either their first port of call for products, or where they went first to deliver their current services.
- 74% of respondents said that In Kind Direct had helped them to “simply keep going”.
- 96% said poverty in their local area has remained consistent or increased in the previous year. 83% of organisations directly addressing poverty used products from In Kind Direct to support those activities.
- 94% of responding organisations helping people to improve their wellbeing use products from In Kind Direct. Almost a third said we had helped them engage people they otherwise could not.
- 66% of responding child and youth care organisations said In Kind Direct had helped them to deliver new and different activities.
- On average, products from In Kind Direct supported 190 beneficiaries at each responding organisation.
- 97% of organisations responding said they would recommend In Kind Direct to other charitable organisations.

More information is provided in our impact report which is available on our website.

Catalogue, user experience and network development

Our online catalogue is the main route through which charitable organisations select and order products for charitable use and is one of the leading platforms of its type in the world. In February our ecommerce system was upgraded to provide significant improvements to the user experience throughout their journey. In 2020, further system migrations and improvements are scheduled.

Engagement with our growing network continued across all platforms, including social media campaigns, newsletters, signposting to resources and advice. Affiliate schemes continued to result in added value to charitable organisations in our network and the network of partners will continue to expand in 2020. In the year two further affiliate schemes were launched, with longstanding partners Directory of Social Change, and Enterprise Vehicle Hire. This was in response to survey feedback and brought additional savings to the network.

The Disney Store partnership

Through our Retail Donation Initiative, charitable organisations are matched directly with local Disney Stores across the UK. Once matched, they collect in-store surplus goods, building

strong partnerships with the Disney employees which often extend considerably beyond the receipt of the goods. At the end of 2019 we had matched 27 Disney Stores with organisations in our network.

In December, we partnered with Disney to run #IKDDisneyMagic Christmas campaign for the sixth year, delivering soft toys to charitable organisations. In Kind Direct's role was to identify local charitable organisations which could use the toys in their Christmas projects, distribute the stock and gather feedback of the impact generated. 150 charitable organisations benefited by receiving 7,504 limited edition Olaf soft toys.

Support for emergencies and overseas distribution

Our primary focus remains distributing everyday essential goods to UK charitable organisations for use in the UK. We also distributed £6.4m in value of stock to UK emergency relief and development charities working overseas in Eastern Europe, the Middle East and Africa. Many of the products distributed for use overseas went to organisations tackling ongoing refugee and migrant crises, as well as social issues such as mental health, hygiene poverty and supporting new mothers and children.

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

Key Measures	2019 Target	Achieved	
Volume of products donated in pallet equivalents	4,400	4,308	x

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 we 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 charitable organisations and their beneficiaries. Increasingly, we work with companies to incorporate product giving into their strategic responsible business strategies.

For a breakdown of the range of goods distributed during the year, see Figure 4.

In 2019, 4,308 pallets of goods (which is equivalent to 166 lorry loads) were donated by 99 manufacturers and retailers.

In Kind Direct continues to receive ongoing support from top manufacturers, such as Colgate-Palmolive, P&G, Johnson & Johnson, Unilever and Kimberly-Clark, as well as from top retailers, such as Asda, The Disney Store, Dunelm Group and Boots UK. Amazon has been our top retail donor last year again, donating over £1m in value of a wide range of different products.

39 companies donated for the first time in the year, enlarging the range of products to distribute to our network of charity partners. New donors include Beauty Kitchen which donated a range of beauty and hygiene products, Nike UK which made donations of clothing, footwear and accessories, Samsung Electronics which donated washing machines and tablets, Zenith Hygiene which donated paper and catering products and Dixons Carphone donating a range of ex-display electronic stock. Other new donors notably include Nestle UK, PG Paper Company, Office Depot, Greener Cleaner, Eve Sleep, Petit Bateau UK, Water Direct and Britvic.

For a full list of organisations donating product in the year see page 5.

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

Key Measures	2019 Target	Achieved	
Number of charitable organisations joining the network in the year	1,000	1,022	✓
New donors recruited in core categories	30	39	✓

1,022 charitable organisations joined the network to benefit over the course of the year – an average of 85 per month and exceeding our original target. See Figure 1 and 2 for a breakdown of the network by focus area and income level. We also recruited 39 new donor companies over the year, ahead of our original target, which positions us well for future growth.

External Communications, Special Projects

During 2019 In Kind Direct continued to build on the momentum created through our Hygiene Poverty PR campaign of 2018, ensuring we continued to deliver on the commitments made in our 2017 manifesto, “Join the Product Giving Revolution”. The key objective in 2019 remained to meet the critical needs of our charity partners and their beneficiaries.

As well as the current, prolific news agenda on waste and the environment, which our Founder, HRH has been advocating for decades, we recognise that now, more than ever, consumers are able to influence a change in companies’ behaviour. Consumer research at the end of 2018 confirmed that More than half of Brits (52%) say they would feel disappointed if they knew that a business wasn’t giving its surplus stock to charity, and more than half (51%) would actually go as far as choosing to shop in other stores. These key messages were used throughout our public messaging in the year, and specifically to launch our #ThrowawayJanuary campaign.

The Big Community Picnic 2019 – Ranelagh Gardens, The Royal Hospital, Chelsea

The Big Community Picnic has quickly become a key relational equity event of the year. In its inaugural year in 2017, the focus for the Picnic was very much on our charity network partners. In its third year, nine product donor companies joined the event, participating in one or more of three ways: to donate products needed for the day; volunteer a group of 10 employees to run an activity of their choice or chaperone a charity group; and finally, by donating funding towards the practical costs of hosting the event. Our Picnic is a celebration of all the extraordinary people who make the In Kind Direct Community so special and we were delighted to welcome 35 charitable organisations. Our network covers the UK and we were delighted to welcome groups from Buckinghamshire, Liverpool and Cardiff for the first time this year

In 2019 our environmental impact was also a key consideration for the event. We chose paper decorations over balloons and eliminated all single-use plastic from our picnic packs. We switched to recycled paper for our napkins and record special thanks to Ricoh UK who generously printed our Picnic programs on 100% recycled paper.

After three years, this event will be reviewed in line with our evolving strategic direction, placing In Kind Direct at the heart of our objectives and continuing to deliver great experiences for our charitable network, the people we support and our product donor companies.

We extend our sincere thanks to everyone who made the day so special for hundreds of children, their families and carers.

Impact Assessment Guide for Charities

Our 2017 manifesto commitment to innovation saw us launch an Impact Assessment Guide for Charities in partnership with PwC in September. This free resource with #ProductGiving at its heart is available to download from our website and helps charities wherever they are on their impact journey. It enables them to map, quantify and communicate the impact they have for the people they support and was created following a pilot with five charities in our network in spring 2019.

The Guide helps ensure projects are effectively prioritised and provides a strong case for funding in competitive times. For the companies we work with, understanding the impact of their donated goods fosters excellent internal communications, grows employee satisfaction and provides a clear business case for increasing their commitment to Product Giving. To date over 500 copies of the Guide have been downloaded and 2020 will see its use rolled out across our network of charitable organisations.

In Kind Direct International Network (IKDI)

The IKDI network currently has four members including: the founder member, In Kind Direct; Innatura, a German licensee; Dons Solidaires, a French licensee; and In Kind Direct (Singapore).

IKDI network members continued to work collaboratively during 2019, holding regular conference calls and meetings, as well as a 2-day annual conference, which took place in October 2019. IKDI network members share know-how, experience and innovation, as well as donations, where appropriate.

Since 2013, IKDI network members have shared donated goods valued at almost £14 million. Goods are shared between network members, when they are surplus to the requirements of the receiving network member, often because the size of the donation is significant or because a type of product is better suited to use in another country, for example due to need, labelling, size or configuration. Over £2,029,000 worth of goods were shared between network members in 2019.

In Kind Direct (Singapore) continued to establish operations, with the receipt of regular donations, resulting in distributions made to 22 charities during 2019. An application for charitable status was submitted in early 2020 and the application is currently being reviewed.

Initial work commenced in 2019 on the establishment of new network member in Italy. IKDI continues to review other countries for possible future expansion.

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 sixth year that IKDI has operated.

During 2019, IKDI received the following income:

	Unrestricted	Restricted
Licence fees	£39,000	-
Other income	£1,878	-
Donations and gift aid	£37,500	-
Total incoming resources	£78,378	-

IKDI's expenditure was as follows:

	Unrestricted	Restricted
Staff costs	£73,417	£ 554
Audit and accounting services	£ 1,675	-
Licence fees to IKD	£ 3,000	-
Legal fees	£ 3,266	-
Travel costs	£ 1,968	£2,873
Other costs	£ 1,531	£ 240
Total expenditure	£84,857	£ 3,667

IKDI's reserves at the end of 2019 were:

	Unrestricted	Restricted
Balance at 1 January 2019	£96,166	£ 20,000
Movement during 2019	-£6,479	£- 3,667
Balance at 31 December 2019	£89,687	£ 16,333

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 2019 with at least four months' operating reserves	4 months operating reserves	3.5 months	x
Net logistics income (after logistics costs) achieved	£501,286	£493,314	x

Fundraising and income generation

In Kind Direct is continuing to work towards greater financial resilience with a diversified income model.

2019 was another solid year for In Kind Direct. The second half of the year was much stronger and we only narrowly missed our income generated from distribution of goods charges, trading company and fundraising targets. This had a subsequent impact on our reserves and we ended the year with operating reserves of 3.5 months, just below our 4 months target. Our 2020 plans look to build back up to our 4 month reserves target.

We have three main income streams:

1) Charges paid for our service

It's free for charitable organisations to join our network. On ordering, charitable organisations 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 donated goods.

2) Trading income

In Kind Direct has a wholly owned trading subsidiary called Trading IK, which was set up in 2009 to help develop non-fundraised income streams for the charity.

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 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 and without consideration of the needs of our charity partners, who are always our first priority. All trading company net profits are gift aided to In Kind Direct.

Trading IK also facilitates various affiliate marketing schemes giving charitable organisations access to discounted products and services, particularly in categories where In Kind Direct struggles to secure adequate supplies of donated product. In 2019, we continued our existing schemes with Ryman, Staples Solutions and Office Depot to provide discounted access to office supplies and IT equipment to our charitable organisations, as well as with Robert Dyas to provide in store discounts for our charity partners. In addition, we continued our partnership with The Recycled Assets Company (TRACO), which provides an office and furniture clearance service to companies. We also created a new partnership with Enterprise Rent-a-car to provide discounted vehicle rentals to our charity network.

3) Grants and fundraising practice

Another essential part of our income is support from grant-makers and our funders who understand and are inspired by the unique impact of In Kind Direct's work. Fundraising is particularly important in ensuring charges for providing goods are as low as we can afford to have them for our service to remain accessible to small, under-resourced charitable organisations which most need the products we provide.

In 2019, we continued to receive generous support from a number of companies and individuals who give regularly as part of 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.

Individuals and teams from supporter companies again took part in challenge events to raise funds for In Kind Direct. Teams from Faith in Nature, Amazon, Amazon Web Services, Premier Paper, and Johnson & Johnson were among those taking part in the Prudential Ride London event and the Royal Parks Half Marathon, raising valuable funds for our work.

We are hugely grateful and again extend our thanks to everyone who provided financial support to our charity throughout the year. A full list of those donating is provided on page 4.

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 charitable organisations.

Over our twenty-three 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. Now in our third contract with TSB (from 2016), the arrangement provides ongoing stability and a high-quality service for our charity network.

TSB continues to suggest operational efficiencies and works with our logistics team to deliver cost and time savings to In Kind Direct and our charity network. The savings from our earlier energy efficiency and waste reduction project have been noticeable and further modest strategies have been implemented.

We continued to develop our successful warehouse 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 15 volunteer challenge days with over 140 volunteers at our warehouse with teams from Lloyds Banking Group, Santander, Capgemini and Jaguar Land Rover. Our volunteering scheme continues to receive excellent feedback from participants as an enjoyable teambuilding experience as well as an opportunity to develop communication, problem solving and team-working skills. Hosting teams of volunteers from our donor companies also helps deepen our relationships and connection to In Kind Direct's cause and many teams return again and again.

HR and IT

In Kind Direct has a staff team with a strong mix of experience. Three permanent staff left during the year – including Robin Boles, our founding CEO - who retired. Two of these positions, including the CEO, were replaced. We provide a range of benefits for staff including performance related remuneration, insurance, support for further education and professional development, volunteering leave, a health reimbursement scheme, 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 or charity partners 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 a reputation for proven high quality IT systems which enable us to provide an excellent standard of service and support to our customers and stakeholders. Our primary business applications, infrastructure, web platforms and data services are managed internally, with support from three key suppliers. All aspects of the service are measured in terms of availability, scalability and security.

A major project to upgrade the primary backend system and e-commerce platform went live in February 2019. This was a significant exercise which included a comprehensive overhaul of several operational areas and key processes. This will provide a stable, flexible and cost-effective platform, with simplified opportunities for expansion and a much lower maintenance overhead.

The second phase of this project to adopt and integrate Dynamics 365 is already underway. This will initially be used to manage both donor company and funder leads and relationships while subsequently it will be expanded to provide full service relationship management for charity customers.

Volunteers

In 2019 the charity once again benefited from the support of many volunteers. As well as our warehouse volunteer scheme welcoming over 140 people to our facilities in Telford, the charity benefited from individuals volunteering, IT and marketing expertise. In Kind Direct is hugely grateful to everyone who supported the charity in this way in the past year.

Financial review of 2019

	2019	2018	Variance	
Charges for distributing goods	£1,148,059	£1,168,705	-£20,645	-1.8%
Unrestricted donations	£429,631	£411,662	£17,969	4.4%
Restricted donations	£55,676	£66,950	-£11,274	-16.8%
Total donations	£485,307	£478,612	£6,695	1.4%
Trading company gross income	£128,804	£182,155	-£53,351	-29.3%
Gift aid donation from trading company	£68,100	£109,265	-£41,165	-37.7%
Charitable activity costs	£2,175,110	£2,154,659	£20,451	0.9%
Support costs	£1,567,042	£1,514,746	£52,296	3.5%

In 2019 our operational and fundraised income meant that our unrestricted reserves were below our targeted level.

In Kind Direct's logistics operations generated income of £1,148,059 (2018: £1,168,705) and Retail Donation Initiative registration fees of £4,778 (2018: £4,973). Logistics income decreased by £20,645 (1.8%) compared to 2018.

£485,307 was donated to the In Kind Direct Group during 2019 (2018: £478,612), of which £429,631 was unrestricted and £55,676 was restricted.

The proportion of donation funding from charitable trusts and foundations decreased during 2019 from 20.8% in 2018 to 14.3%; whilst the contribution from the corporate sector increased slightly from 28.0% to 30.8%. Donations from individuals increased from 51.2% in 2018 to 54.9% in 2019. Major donor funding continues to have the potential to be a strong future funding stream.

Trading company income decreased from £182,155 in 2018 to £128,804 in 2019. This was due to decreased product sales. This meant that the gift aid payment from the trading company to In Kind Direct decreased from £109,265 in 2018 to £68,100 in 2019.

Over £16.0 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 £2.21 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.

Total support costs increased by 3.5% (2018: £1,514,746) to £1,567,042. This increase was mainly due to the inclusion of donated Amazon Cloud hosting fees.

Plans for the Future

2019 was the fifth year of our strategic plan, which sets out what we plan to achieve by 2020. We review our strategy on an ongoing basis to ensure we are working to realistic and effective work plans that help us in delivering our long term purpose.

In 2020 we faced the impact of the COVID-19 crisis along with the rest of the sector. We have been fortunate in securing record donations of pallets of core goods from longstanding and new donor partners, allowing us to expand our offering to many more charity partners. Our charity partners have placed orders at record levels as we have had a consistent supply of products that meet the growing need from the communities they serve. This has resulted in our charges income across the period March – May 2020 being above target. In addition to the growth in our core business, we have secured funding from Trusts and donor companies to support In Kind Direct's valuable work. This has meant that we are anticipating sufficient cash flows until the end of 2020 and into 2021. However, we have taken a cautious approach to forecasting our income levels for the remainder of 2020. We anticipate that charges income will decrease to more regular levels as charities use up their emergency funding, and as donations of core goods start to normalise. We are also assuming only modest additional funding in addition to what has been received to date.

For 2020, our principal objectives and plans have been reviewed and are as follows:

Objective	Plans
<p>1 Look to the Future: Evolve our strategy and operating model.</p> <p><i>Key measures</i></p> <ul style="list-style-type: none"> • SharePoint and OneDrive cloud migration completed • Online HR solution implemented • IT Service desk migrated to cloud platform 	<ul style="list-style-type: none"> • Develop sustainable funding streams for long term growth of IKD. • Control variable warehouse costs while increasing throughput to meet revenue targets. • Reduce overheads and enable a secure, compliant, efficient, highly available business and operational environment.
<p>2. 2.Grow volume and value of goods that are needed by our charity partners and their communities.</p> <p><i>Key measures</i></p> <ul style="list-style-type: none"> • 115 number of donor companies giving goods • 35 new donor companies giving 	<ul style="list-style-type: none"> • Increase revenue, by getting more of the products and services charity partners need, more regularly. • Enable increased levels of corporate giving with efficient and flexible management of donor relations, communications and goods pipeline. • Expand and support new International licensees.
<p>3. Develop and deliver excellent customer experiences that enable our partners to achieve greater impact</p>	<ul style="list-style-type: none"> • Evolve and improve donor experience, in response to their needs • Increase revenue through improved conversion/traffic and enhanced customer experience • Increase use of core and secondary services through excellence in customer service to

<p><i>Key measures</i></p> <ul style="list-style-type: none"> • 3,300 charities ordering in the year • 600 new charity partners joining • Impact score at renewal >85% 	<p>improve customer experiences</p> <ul style="list-style-type: none"> • Evolve and increase our offering to charity partners in a sustainable way and in response to articulated needs
<p>3. 4.Champion the power of product giving for companies, charity partners and communities.</p>	<ul style="list-style-type: none"> • Move product giving up the agenda by increasing awareness of In Kind Direct's work and impact • Support partnership (donors/funders) building by connecting our work to the end user and social impact • Maximise opportunities to publicise our role and ensure consistent core messaging.

Structure, governance and management

In Kind Direct was founded in 1996 by our Royal Founding Patron, HRH The Prince of Wales. There are thirteen trustees who meet quarterly as a Board, as does 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.

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 Executive Director of The Prince of Wales's Charitable Foundation.

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.

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 fourteen full-time and four part-time staff.

Financial policies

Reserves policy

In 2018, the Board's review of the reserves policy concluded that the charity should aim to achieve reserves equivalent to at least four months' operational cashflow (2019: £423,420) 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 2019 were as follows:

Unrestricted reserves	£ 489,273
Restricted reserves	£ 868,290

Total reserves as at 31 December 2019 £ 1,357,563

The Group unrestricted reserves balance of £489,273 equates to 3.5 months of operating costs for In Kind Direct and represents a decrease of £220,349 compared to the previous year (2018: £709,622).

Within the restricted funds (note 15a), £845,034 relates to the grant income received and receivable from Lloyds Banking Group towards the cost of In Kind Direct's offices, less expenditure to date. This includes an accrual of the remaining 5 years' of grant income receivable. A further £22,000 is being retained as a separate restricted fund to pay for office dilapidations, should a break clause within the lease be exercised after 5 years. This fund is being increased by £2,200 per annum 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 processes, including visits to recipient organisations Tracking of all donations and deliveries through ERP system
Increasing competition for products from commercial operators and other charitable projects	<ul style="list-style-type: none"> Investment in maintenance of relationships with existing donor companies, emphasising benefits of partnership Continual improvement in operational efficiency and ability to react quickly to goods offers Expanded activity raising the charity's profile and understanding of the impact we make with all relevant audiences Expanded business development activity
Funds raised are insufficient to bridge the gap between charges for goods income and the break-even point or required level of reserves	<ul style="list-style-type: none"> Business and financial planning to identify and set targets Fundraising efforts are spread across sectors – trusts, business, government New sources of income actively sought

Environmental policy

In Kind Direct, a registered charity, distributes surplus product from manufacturers and retailers to UK charitable organisations working at home and abroad. As well as helping charitable organisations, 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 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:

Amar Abbas	Resigned 19 June 2019
Debra Allcock-Tyler	
Scott Barton	
Graham Burridge	
Barry Furlong	Appointed 9 May 2019
Tim Hinton	
Graham Inglis	

Ajay Kavan	
Enrica Maccarini	Resigned 9 April 2020
Tom Moody	
Martin Newman	Appointed 9 May 2019
Andrew Rubin	
Teresa Tideman (Chair)	
Richard Wolff	Appointed 9 May 2019
Andrew Wright (Chair of Finance & Audit Committee)	Resigned 11 December 2019

Changes in fixed assets

No significant expenditure was incurred during 2019.

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.

Trading IK Ltd is the wholly owned trading subsidiary of In Kind Direct. Graham Burridge who is Chair of the subsidiary is also a director/trustee of In Kind Direct. Rosanne Gray, Chief Executive and Linda Kelly, Head of Finance of In Kind Direct are also directors of Trading IK Ltd. Robin Boles, former Chief Executive of In Kind Direct, was also a director of Trading IK Ltd prior to her retirement on 11 December 2019.

In Kind Direct is the sole member of IKDI. Three director/trustees of In Kind Direct are director/trustees of IKDI. They are Teresa Tideman, Graham Inglis and Richard Wolff. Rosanne Gray, Chief Executive of In Kind Direct is also a director/trustee of IKDI. Robin Boles, former Chief Executive of In Kind Direct, was also a director/trustee of IKDI prior to her retirement on 11 December 2019.

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 LLP is deemed to be reappointed under section 487(2) of the Companies Act 2006.

By order of the Board



9/7/20

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

Opinion

We have audited the financial statements of In Kind Direct for the year ended 31 December 2019 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated and Parent Charitable Company Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 as at 31 December 2019 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of trustees for the financial statements

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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters 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 the financial statements; and
- the Trustees' Annual Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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 prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Use of our report

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.



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

10 Queen Street Place
London
EC4R 1AG

.....28 July 2020

**Consolidated Statement of Financial Activities (including income & expenditure account)
for the year ended 31 December 2019**


	Notes	Unrestricted Funds	Restricted Funds	Totals 2019	Unrestricted Funds	Restricted Funds	Totals 2018
		£	£	£	£	£	£
INCOME							
Income from donations							
Value of donated goods distributed	4	10,854,716	5,130,912	15,985,628	11,859,962	3,107,582	14,967,544
Donations	3	429,631	55,676	485,307	411,662	66,950	478,612
Donated services for own use	4	103,754	10,000	113,754	30,323	-	30,323
Income from charitable activities:							
Retail donation registration fees		4,778	-	4,778	4,973	-	4,973
Charges for providing goods		1,148,059	-	1,148,059	1,168,705	-	1,168,705
Other charitable income		40,796	-	40,796	50,420	-	50,420
Income from other trading activities:							
Commercial trading operations	5	128,804	-	128,804	182,155	-	182,155
Income from Investments							
		2,232	-	2,232	387	-	387
Total income excluding value of donated goods distributed		1,858,054	65,676	1,923,730	1,848,625	66,950	1,915,575
TOTAL INCOME		12,712,770	5,196,588	17,909,358	13,708,587	3,174,532	16,883,119
EXPENDITURE							
Expenditure on Raising Funds:							
Costs of Raising Funds	6	77,417	14,178	91,595	71,878	11,303	83,181
Costs of Trading Activities	6	58,191	-	58,191	83,955	-	83,955
		135,608	14,178	149,786	155,833	11,303	167,136
Expenditure on Charitable Activities:							
Distribution of donated goods	6	10,854,716	5,130,912	15,985,628	11,859,962	3,107,582	14,967,544
Other Charitable Costs	6	1,942,795	232,315	2,175,110	1,936,691	217,968	2,154,659
		12,797,511	5,363,227	18,160,738	13,796,653	3,325,550	17,122,203
Total expenditure	6	12,933,119	5,377,405	18,310,524	13,952,486	3,336,853	17,289,339
Net Income/(Expenditure) for the Year Before Transfers		(220,349)	(180,817)	(401,166)	(243,899)	(162,321)	(406,220)
Gross Transfers Between Funds		-	-	-	-	-	-
Net Movement in funds		(220,349)	(180,817)	(401,166)	(243,899)	(162,321)	(406,220)
Funds brought forward at 1 January		709,622	1,049,107	1,758,729	953,521	1,211,428	2,164,949
Funds carried forward at 31 December	14a	489,273	868,290	1,357,563	709,622	1,049,107	1,758,729

The financial activities above relate wholly to the continuing activities of In Kind Direct.
The notes on pages 30 to 43 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 2019

	Notes	Unrestricted Funds	Restricted Funds	Total 2019	Unrestricted Funds	Restricted Funds	Total 2018
		£	£	£	£	£	£
Fixed assets							
Tangible assets	10	10,394	-	10,394	25,464	-	25,464
Intangible assets	11	89,042	-	89,042	112,274	-	112,274
Public benefit concessionary loan		20,000	-	20,000	20,000	-	20,000
Current assets							
Debtors	13	88,771	843,526	932,297	233,327	972,591	1,205,918
Investments		-	-	-	250,000	-	250,000
Cash at bank and in hand		450,488	24,764	475,252	208,107	76,516	284,623
		<u>539,259</u>	<u>868,290</u>	<u>1,407,549</u>	<u>691,434</u>	<u>1,049,107</u>	<u>1,740,541</u>
Creditors: amounts falling due within one year	14	(169,422)	-	(169,422)	(139,550)	-	(139,550)
Net current assets		<u>369,837</u>	<u>868,290</u>	<u>1,238,127</u>	<u>551,884</u>	<u>1,049,107</u>	<u>1,600,991</u>
Net assets		<u>489,273</u>	<u>868,290</u>	<u>1,357,563</u>	<u>709,622</u>	<u>1,049,107</u>	<u>1,758,729</u>
Funds							
Balance at 1 January		709,622	1,049,107	1,758,729	953,521	1,211,428	2,164,949
Movement in Funds		(220,349)	(180,817)	(401,166)	(243,899)	(162,321)	(406,220)
Balance at 31 December	15a	<u>489,273</u>	<u>868,290</u>	<u>1,357,563</u>	<u>709,622</u>	<u>1,049,107</u>	<u>1,758,729</u>

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

 9/7/20

Director and Trustee

The notes on pages 30 to 43 form part of these financial statements.

Company Balance Sheet at 31 December 2019

	Notes	Unrestricted Funds	Restricted Funds	Total 2019	Unrestricted Funds	Restricted Funds	Total 2018
		£	£	£	£	£	£
Fixed assets							
Tangible assets	10	10,394	-	10,394	25,464	-	25,464
Intangible assets	11	89,042	-	89,042	112,274	-	112,274
Investments	12	1	-	1	1	-	1
Current assets							
Debtors	13	81,821	843,526	925,347	238,668	972,591	1,211,259
Investments		-	-	-	250,000	-	250,000
Cash at bank and in hand		344,174	24,764	368,938	83,234	72,848	156,082
		<u>425,995</u>	<u>868,291</u>	<u>1,294,286</u>	<u>571,902</u>	<u>1,045,439</u>	<u>1,617,341</u>
Creditors: amounts falling due within one year	14	(158,691)	-	(158,691)	(130,119)	-	(130,119)
Net current assets		<u>267,304</u>	<u>868,291</u>	<u>1,135,595</u>	<u>441,783</u>	<u>1,045,439</u>	<u>1,487,222</u>
Net assets		<u>366,741</u>	<u>868,291</u>	<u>1,235,032</u>	<u>579,522</u>	<u>1,045,439</u>	<u>1,624,961</u>
Funds							
Balance at 1 January		579,522	1,045,439	1,624,961	833,982	1,197,761	2,031,743
Movement in Funds		(212,781)	(177,148)	(389,929)	(254,460)	(152,322)	(406,782)
Balance at 31 December	15b	<u>366,741</u>	<u>868,291</u>	<u>1,235,032</u>	<u>579,522</u>	<u>1,045,439</u>	<u>1,624,961</u>

In Kind Direct has taken advantage of the exemption under section 408 of the Companies Act 2006 not to present the Statement of Financial Activities and Income and Expenditure Account of the parent charitable company in these financial statements. Income of the parent company amounted to £17,817,838 (2018: £16,739,332). The result for the year is a net movement of funds of (-£389,929) (2018: (-£406,782)).

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

Director and Trustee

The notes on pages 30 to 43 form part of these financial statements.

Consolidated and Company Statement of Cash Flows

	Notes	Group 2019 £	Group 2018 £	Charity 2019 £	Charity 2018 £
Cash (used in)/provided by operating activities	20	(61,403)	(263,658)	(39,176)	(228,139)
Cash flows from investing activities					
Interest income		2,232	387	2,232	387
Transfer of cash to current asset investments		250,000	-	250,000	-
Purchase of fixed assets		(200)	(117,269)	(200)	(117,269)
Cash provided by/(used in) investing activities		252,032	(116,882)	252,032	(116,882)
Increase/(decrease) in cash and cash equivalents in the year		190,629	(380,540)	212,856	(345,021)
Cash and cash equivalents at the beginning of the year		284,623	665,163	156,082	501,103
Total cash and cash equivalents at the end of the year		475,252	284,623	368,938	156,082

No analysis of changes in net debt is presented as the charity and group has no borrowings.

Notes to the Financial Statements – year ended 31 December 2019

1. Principal accounting policies**General Information**

In Kind Direct is a charitable company limited by guarantee, incorporated in England and Wales (company number 03155226) and registered with the Charity Commission (charity registration 1052679). The registered office address is : 11 – 15 St Mary at Hill, London, EC3R 8EE.

Basis of Preparation

The financial statements have been prepared under the historical cost convention, and in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts, the Companies Act 2006 and applicable accounting standards (FRS 102). In Kind Direct meets the definition of a public benefit entity under 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.

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. A cash flow forecast has been prepared for the 12 month period following the date of signing of the accounts. This forecast includes all funding received to date as well as committed funding. Assumptions have been made around charges for goods income that show a modest 3% growth against the 2020 targets adjusted for the increase in demand due to the COVID-19 outbreak. Unrestricted cash balances remain positive for the whole period and are expected to exceed the minimum requirement of £100,000.

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 cleaning and printing facilities, consultancy work and IT 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.

Tangible 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. Computers and other capital equipment is written off over three years.

Intangible fixed assets

Intangible assets are initially recognised at cost and subsequently measured at cost less any accumulated amortisation and any accumulated impairment losses. In Kind Direct's intangible fixed assets consist of software development costs. Amortisation is charged on a straight line basis over the estimated useful economic life of the software (from two to six years) and is included in Finance & IT support costs in the SOFA.

Public benefit concessionary loans

The group has provided a loan to further its charitable purposes at rates below prevailing market rates. In accordance with section 34 of FRS102 this loan has been classified and accounted for as a concessionary loan. Such loans are initially recognised and measured at the amount provided and subsequently adjusted to reflect any repayments, accrued interest and any subsequent impairments.

A loan of £20,000 has been granted by the group to IKDI Singapore to assist with its development. The loan is unsecured and is repayable annually in four equal instalments commencing on the fourth anniversary of the date of the loan agreement (10 May 2018). Interest accrues daily on the loan, chargeable at one percentage point above the Bank of England base rate, with interest levied payable quarterly in arrears.

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 group 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 to the Financial Statements – year ended 31 December 2019

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 invoiced 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.

In Kind Direct

3. Other Voluntary Income (Group)	Restricted	Unrestricted	Total	Restricted	Unrestricted	Total
	Funds	Funds	2019	Funds	Funds	2018
	£	£	£	£	£	£
Charitable Trusts	28,500	40,900	69,400	53,450	46,000	99,450
Business donations	25,270	123,993	149,263	250	133,838	134,088
Donations by individuals	1,906	264,738	266,644	13,250	231,824	245,074
	<u>55,676</u>	<u>429,631</u>	<u>485,307</u>	<u>66,950</u>	<u>411,662</u>	<u>478,612</u>

4. Donated goods and services

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

	Restricted	Unrestricted	Total	Restricted	Unrestricted	Total
	Funds	Funds	2019	Funds	Funds	2018
	£	£	£	£	£	£
Value of donated goods distributed	5,130,912	10,854,716	15,985,628	3,107,582	11,859,963	14,967,545
Services donated for own use	10,000	103,754	113,754	-	30,323	30,323
	<u>5,140,912</u>	<u>10,958,470</u>	<u>16,099,382</u>	<u>3,107,582</u>	<u>11,890,286</u>	<u>14,997,868</u>

5. Subsidiary undertakings

Trading IK Limited

Trading IK Limited (Company no. 06950193) is a wholly owned subsidiary trading company of the charity, established on 2 July 2009. Its registered office address is 11 -15 St Mary at Hill, London, EC3R 8EE.

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 2019 were:

	31 December 2019	31 December 2018
	£	£
Turnover	128,804	182,155
Cost of sales	<u>(53,220)</u>	<u>(79,928)</u>
Gross profit	75,584	102,227
Distribution costs	(2,143)	(1,840)
Administration costs	(6,428)	(5,787)
Profit for the year	<u>67,013</u>	<u>94,600</u>
Gift Aid to In Kind Direct	(68,100)	(109,265)
Movement in Shareholder's Funds After Gift Aid	<u><u>(1,087)</u></u>	<u><u>(14,665)</u></u>

Administration costs relate to audit fees and other professional fees from In Kind Direct to Trading IK Limited (2019: £3,600; 2018 £3,600) for the use of staff and resources. These have been eliminated on consolidation.

	£	£
Current assets	24,350	29,408
Creditors and accruals	<u>(7,836)</u>	<u>(11,807)</u>
Net Assets	<u><u>16,514</u></u>	<u><u>17,601</u></u>

At the balance sheet date the company was owed a balance of £1,286 by In Kind Direct.

IKDI

IKDI is a charitable company incorporated in England & Wales, (Charity no. 1157417; Company no. 08478660) of which In Kind Direct is the sole member. Its registered office address is 11 - 15 St Mary at Hill, London, EC3R 8EE. The results of the subsidiary charitable company for the year were as follows:

	31 December 2019	31 December 2018
	£	£
Total incoming resources	78,378	121,500
Total resources expended	(88,524)	(106,274)
Net incoming resources	<u>(10,146)</u>	<u>15,226</u>
Funds brought forward at 1 January	116,166	100,940
Funds carried forward at 31 December	<u><u>106,020</u></u>	<u><u>116,166</u></u>

Total resources expended relate to audit fees, travel, legal fees and other charges from In Kind Direct to IKDI (2019: £73,970; 2018 £72,959) for the use of staff and resources. These have been eliminated on consolidation.

At the balance sheet date the charity owed a balance of £20,440 to In Kind Direct.

In Kind Direct

6. Expenditure

	Direct cost £	Support cost £	Total 2019 £	Direct cost £	Support cost £	Total 2018 £
Cost of Charitable Activities						
Distribution of donated goods	15,985,628	-	15,985,628	14,967,544	0	14,967,544
Other charitable costs	695,817	1,479,293	2,175,110	719,678	1,434,981	2,154,659
	<u>16,681,445</u>	<u>1,479,293</u>	<u>18,160,738</u>	<u>15,687,222</u>	<u>1,434,981</u>	<u>17,122,203</u>
Cost of Generating Funds						
Fundraising activities	3,846	87,749	91,595	3,416	79,765	83,181
Trading activities	58,191	-	58,191	83,955	0	83,955
	<u>62,037</u>	<u>87,749</u>	<u>149,786</u>	<u>87,371</u>	<u>79,765</u>	<u>167,136</u>
Total Resources Expended	<u><u>16,743,482</u></u>	<u><u>1,567,042</u></u>	<u><u>18,310,524</u></u>	<u><u>15,774,593</u></u>	<u><u>1,514,746</u></u>	<u><u>17,289,339</u></u>

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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 2019 £	Total 2018 £
Management/Other	630,984	47,575	678,559	754,415
Finance & IT	177,945	2,734	180,679	179,755
Logistics	230,438	-	230,438	223,845
Charities	166,130	-	166,130	134,929
Fundraising	75,264	25,324	100,588	111,240
Premises	198,532	12,116	210,648	110,562
	<u>1,479,293</u>	<u>87,749</u>	<u>1,567,042</u>	<u>1,514,746</u>

0

Support costs are included in the expenditure in the SOFA and have been allocated on the basis of time spent.

Governance costs total	<u><u>84,408</u></u>	<u><u>78,032</u></u>
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In Kind Direct

8. Employees

Staff costs comprise:	Total 2019 £	Total 2018 £
Salaries and wages	855,570	836,262
Social security costs	87,967	84,842
Other pension costs	71,545	68,536
	<u>1,015,082</u>	<u>989,640</u>

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

	2019	2018
Distribution of donated goods	17	16
Governance	1	1
	<u>18</u>	<u>17</u>

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

£60,001 - £70,000	1	2
£70,001 - £80,000	1	-
* £170,001 - £180,000	1	1
	<u>1</u>	<u>1</u>

* includes benefit in kind in respect of company leased car

The key management personnel of In Kind Direct, the parent charity, comprise the Chief Executive Officer and the Senior Management Team (6 people). The total employee benefits (including employer's national insurance contributions) of the key management personnel of In Kind Direct were £591,792 (2018: £603,634).

The trustees did not receive remuneration for their services to the company during the period (2018: £nil). No expenses incurred by any trustee were reimbursed by the company (2018: £345, one trustee).

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

	2019 £	2018 £
Auditor remuneration - audit fee	12,400	11,375
Operating Lease rentals	49,315	74,246
Depreciation	<u>38,502</u>	<u>36,157</u>

In Kind Direct

10. Tangible Fixed Assets

	Warehouse Equipment Unrestricted Funds £	Office Equipment Unrestricted Funds £	Total 2019 £	Total 2018 £
Cost as at 1 January 2019	58,768	42,632	101,400	178,868
Additions during year	-	-	-	12,227
Transfer to intangible assets	-	-	-	(7,232)
Disposal	-	(42,632)	(42,632)	(82,463)
Cost as at 31 December 2019	<u>58,768</u>	<u>-</u>	<u>58,768</u>	<u>101,400</u>
Depreciation as at 1 January 2019	(33,304)	(42,632)	(75,936)	(122,242)
Charge for year	(15,070)	-	(15,070)	(36,157)
Disposal	-	42,632	42,632	82,463
Depreciation as at 31 December 2019	<u>(48,374)</u>	<u>-</u>	<u>(48,374)</u>	<u>(75,936)</u>
Net book value as at 1 January 2019	<u>25,464</u>	<u>-</u>	<u>25,464</u>	<u>56,626</u>
Net book value as at 31 December 2019	<u>10,394</u>	<u>-</u>	<u>10,394</u>	<u>25,464</u>

11. Intangible Fixed Assets

	IT Systems Unrestricted Funds £	Total 2019 £
Cost as at 1 January 2019	112,274	112,274
Additions during year	200	200
Transfer from tangible assets	-	-
Cost as at 31 December 2019	<u>112,474</u>	<u>112,474</u>
Charge for year	(23,432)	(23,432)
Depreciation as at 31 December 2019	<u>(23,432)</u>	<u>(23,432)</u>
Net book value as at 1 January 2019	<u>112,274</u>	<u>112,274</u>
Net book value as at 31 December 2019	<u>89,042</u>	<u>89,042</u>

12. Investment
(Charity)

	Unrestricted Funds £	Total 2019 £
Shares - subsidiary company Trading IK Ltd	1	1
Cost at 1 January 2019 and 31 December 2019	<u>1</u>	<u>1</u>

13a. Debtors - unrestricted**In Kind Direct**

	Group 2019 £	Group 2018 £	Charity 2019 £	Charity 2018 £
Prepayments	43,825	48,957	43,825	48,957
Trade debtors	26,087	7,002	9,061	4,001
Intercompany debtors	-	-	20,440	25,401
Taxation and social security	1,584	8,408	-	5,911
Accrued income*	17,275	168,960	8,495	154,398
	<u>88,771</u>	<u>233,327</u>	<u>81,821</u>	<u>238,668</u>

* Mostly donations recognised in the 2019 accounts but received early in 2020, and commissions due to trading subsidiary (group accounts).

13b. Debtors - restricted

	Group 2019 £	Group 2018 £	Charity 2019 £	Charity 2018 £
Grant income debtor*	843,526	972,591	843,526	972,591
	<u>843,526</u>	<u>972,591</u>	<u>843,526</u>	<u>972,591</u>

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

14. Creditors: amounts falling due within one year - unrestricted

	Group 2019 £	Group 2018 £	Charity 2019 £	Charity 2018 £
Trade creditors	(82,447)	(80,242)	(79,667)	(80,242)
Accruals	(37,079)	(33,254)	(27,842)	(21,474)
Intercompany creditor	-	-	(1,286)	(2,349)
Taxation and social security	(49,896)	(26,054)	(49,896)	(26,054)
	<u>(169,422)</u>	<u>(139,550)</u>	<u>(158,691)</u>	<u>(130,119)</u>

15a. Reserves (Group) 2019

	Balance at 1 Jan 2019	Income	Expenditure	Transfers between funds	Balance at 31 Dec 2019
	£	£	£	£	£
Restricted Funds:					
1 Lloyds Bank Premises Fund	983,502	-	(138,468)	-	845,034
2 Premises Fund 3 - dilaps	55,680	-	(33,680)	-	22,000
3 P&G Emergency Fund	1,257	-	-	-	1,257
4 The Prince of Wales's Charitable Foundation	5,000	10,000	(15,000)	-	(0)
5 Britford Bridge Trust	-	20,000	(20,000)	-	(0)
6 2019 Big Charity Picnic	-	27,176	(27,176)	-	-
7 Sir James Knott	-	5,000	(5,000)	-	-
8 JR Corah	-	1,000	(1,000)	-	-
9 Maud Elkington Charitable Trust	-	2,500	(2,500)	-	-
10 McCarthy Denning (IKDI)	3,668	-	(3,668)	-	-
11 Value of goods distributed	-	5,130,912	(5,130,912)	-	-
Total Restricted Funds	1,049,107	5,196,588	(5,377,405)	-	868,290
Unrestricted Funds	709,622	12,712,770	(12,933,119)	-	489,273
Total Funds	1,758,729	17,909,358	(18,310,524)	-	1,357,563

Details

- (1) Funds to pay rent, service charge, utilities and other office running costs.
- (2) Funds towards legal/professional fees and office dilapidations should the office lease break clause be exercised in year 5.
- (3) Funds towards supporting charities helping people affected by emergency situations.
- (4) Funds towards a product giving research project.
- (5) Funds for PR research work.
- (6) Funds towards a celebration charity picnic event.
- (7) - (9) Funds are for the purpose of enabling charities in a particular sector or geographical location to benefit from the In Kind Direct service.
- (10) Funds represent start up costs for IKDI and to expand the IKDI network.
- (11) These are goods which the donor company has specified must go overseas, or that have been restricted by the donor in some other way.

15a. Reserves (Group) 2018

	Balance at 1 Jan 2018	Income	Expenditure	Transfers between funds	Balance at 31 Dec 2018
	£	£	£	£	£
Restricted Funds:					
1 Lloyds Bank Premises Fund	1,116,661	-	(119,239)	(13,920)	983,502
2 Premises Fund 3 - dilaps	41,760	-	-	13,920	55,680
3 P&G Emergency Fund	1,339	-	(82)	-	1,257
4 The Prince of Wales's Charitable Foundation	25,000	-	(20,000)	-	5,000
5 Vadim Levin	13,000	-	(13,000)	-	-
6 2018 Big Charity Picnic	-	3,500	(3,500)	-	-
7 Sir James Knott	-	5,000	(5,000)	-	-
8 The People's Postcode Lottery	-	48,450	(48,450)	-	-
9 McCarthy Denning (IKDI)	3,668	-	-	-	3,668
10 Ashwin Mutthiah (IKDI)	10,000	10,000	(20,000)	-	-
11 Value of goods distributed	-	3,107,582	(3,107,582)	-	-
Total Restricted Funds	1,211,428	3,174,532	(3,336,853)	-	1,049,107
Unrestricted Funds	953,521	13,708,587	(13,952,486)	-	709,622
Total Funds	2,164,949	16,883,119	(17,289,339)	-	1,758,729

- (1) Funds to pay rent, service charge, utilities and other office running costs.
- (2) Funds towards legal/professional fees and office dilapidations should the office lease break clause be exercised in year 5.
- (3) Funds towards supporting charities helping people affected by emergency situations.
- (4) Funds towards a product giving research project.
- (5) Funds for PR research work.
- (6) Funds towards a celebration charity picnic event.
- (7) - (8) 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 represent start up costs for IKDI and to expand the IKDI network.
- (10) Funds represent start up costs for IKDI network member in Singapore.
- (11) These are goods which the donor company has specified must go overseas, or that have been restricted by the donor in some other way.

15b. Reserves (Charity) 2019

	Balance at 1 Jan 2019	Income	Expenditure	Transfers between funds	Balance at 31 Dec 2019
Restricted Funds:	£	£	£	£	£
1 Lloyds Bank Premises Fund	983,502	-	(138,468)	-	845,034
2 Premises Fund 3 - dilaps	55,680	-	(33,680)	-	22,000
3 P&G Emergency Fund	1,257	-	-	-	1,257
4 The Prince of Wales's Charitable Foundation	5,000	10,000	(15,000)	-	-
5 Britford Bridge Trust	-	20,000	(20,000)	-	-
6 2019 Big Charity Picnic	-	27,176	(27,176)	-	-
7 Sir James Knott	-	5,000	(5,000)	-	-
8 JR Corah	-	1,000	(1,000)	-	-
9 Maud Elkington Charitable Trust	-	2,500	(2,500)	-	-
10 Value of goods distributed	-	5,130,912	(5,130,912)	-	-
Total Restricted Funds	1,045,439	5,196,588	(5,373,736)	-	868,291
Unrestricted Funds	579,522	12,621,250	(12,834,033)	-	366,739
Total Funds	1,624,961	17,817,838	(18,207,769)	-	1,235,030

Details

- (1) Funds to pay rent, service charge, utilities and other office running costs.
- (2) Funds towards legal/professional fees and office dilapidations should the office lease break clause be exercised in year 5.
- (3) Funds towards supporting charities helping people affected by emergency situations.
- (4) Funds towards a product giving research project.
- (5) Funds for PR research work.
- (6) Funds towards a celebration charity picnic event.
- (7) - (9) Funds are for the purpose of enabling charities in a particular sector or geographical location to benefit from the In Kind Direct service.

15b. Reserves (Charity) 2018

	Balance at 1 Jan 2018	Income	Expenditure	Transfers between funds	Balance at 31 Dec 2018
Restricted Funds:	£	£	£	£	£
1 Lloyds Bank Premises Fund	1,116,661	-	(119,239)	(13,920)	983,502
2 Premises Fund 3 - dilaps	41,760	-	-	13,920	55,680
3 P&G Emergency Fund	1,340	-	(83)	-	1,257
4 The Prince of Wales's Charitable Foundation	25,000	-	(20,000)	-	5,000
5 Vadim Levin	13,000	-	(13,000)	-	-
6 2018 Big Charity Picnic	-	3,500	(3,500)	-	-
7 Sir James Knott	-	5,000	(5,000)	-	-
8 The People's Postcode Lottery	-	48,450	(48,450)	-	-
9 Value of goods distributed	-	3,107,582	(3,107,582)	-	-
Total Restricted Funds	1,197,761	3,164,532	(3,316,854)	-	1,045,439
Unrestricted Funds	833,982	13,574,800	(13,829,260)	-	579,522
Total Funds	2,031,743	16,739,332	(17,146,114)	-	1,624,961

- (1) Funds to pay rent, service charge, utilities and other office running costs.
- (2) Funds towards legal/professional fees and office dilapidations should the office lease break clause be exercised in year 5.
- (3) Funds towards supporting charities helping people affected by emergency situations.
- (4) Funds towards a product giving research project.
- (5) Funds for PR research work.
- (6) Funds towards a celebration charity picnic event.
- (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 are for the purpose of enabling charities in a particular sector or geographical location to benefit from the In Kind Direct service.
- (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.

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:

	2019	2018
	£	£
Office cleaning & printing charges	16,062	6,223
Web hosting services	87,692	24,000
PWC report	10,000	-
	<u>113,754</u>	<u>30,223</u>

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 office premises as set out below:

Minimum rentals falling due:	Total 2019	Total 2018
	£	£
Within 1 year	64,331	73,803
Between 1 and 5 years	456,691	456,691
More than 5 years	30,883	30,883
	<u>551,905</u>	<u>561,377</u>

Future payments have been adjusted for the effect of rent-free periods in years 5 & 7 included in the lease of In Kind Direct's offices.

18. Related party transactions

His Royal Highness, The Prince of Wales is Royal Founding Patron 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, was also a trustee of In Kind Direct until his retirement on 11 December 2019.

We are aware of a number of donations to IKD by trustees and their related parties (A Rubin/D Allcock-Tyler/ T Tideman/ T Hinton). The total amount in 2019 was £15,531 (2018: £4,750).

19. Capital commitments

The Charitable Company entered into a commercial contract with a third party supplier at the end of 2017 to implement a new IT system covering both its database and financial systems, as well as its online ordering platform. The estimated outstanding cost is £31,400 to be paid in 2020.

20. Reconciliation of net expenditure to net cash flow from operating activities

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
Net expenditure for the reporting period (as per the statement of financial activities)	(401,166)	(406,220)	(389,931)	(406,782)
<u>Adjustments for:</u>				
Depreciation	38,503	36,157	38,503	36,157
Dividends, interest and rents from investments	(2,232)	(387)	(2,232)	(387)
Increase/(decrease) in debtors	273,621	208,645	285,913	213,741
Decrease in creditors	29,871	(81,853)	28,573	(70,868)
Public benefit concessionary loan made in period	-	(20,000)	-	-
Net cash (used in) operating activities	(61,403)	(263,658)	(39,174)	(228,139)