

2013

REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2013



IN KIND[®]
DIRECT
MATCHING SURPLUS TO NEED

2013

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STATEMENTS FOR THE YEAR
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Reference and administrative details

Directors and Trustees

Christopher Hyman CBE (Chairman)
James Garvey
Stephen Howard
Ajay Kavan
Allison Kirkby
Irwin Lee
John Pattullo
Michael Ross
Andrew Rubin
Teresa Tideman
Andrew Wright

Auditors

haysmacintyre
26 Red Lion Square
London
WC1R 4AG

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.

Principal and registered office

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Chief Executive

Robin Boles, LVO

Bankers

Lloyds TSB
34 Moorgate
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EC4N 8DL

Honorary Solicitors

Mishcon de Reya
Summit House
12 Red Lion Square
London
WC1R 4QD

Supporters

In Kind Direct gratefully acknowledges support in 2013 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:

Donated Goods

Clothing, Footwear & Sports Goods

Adidas UK
Austin Reed Group
Berghaus
Boxfresh International
Brand Addition
Butlins
Columbia Sportswear Company
Costcutter
Crocs
Ellesse
Findel Education
Focus International
Gap
Helly Hansen
Jacques Vert Group
Kathmandu UK
Phoenix Footwear
Sodexo
Style West
SureCare Community Services
The Great Branding Company
V F Corporation

Food & Other

Angel Camacho
bpi.recycled products
Cancer Research UK
Capita Symonds
Godiva Chocolatier
Pregis
Premier Foods
Prolog

General Retail Products

Amazon.co.uk Ltd
Asda Stores
Home Retail Group

Household Goods

Arc International Cookware - Pyrex
Bio-Productions Ltd
Black & Decker
Bosch
Bunzl Catering Supplies
Bunzl Retail Supplies
Delphis Eco
Fareshare
Halo Living
Harrison Wipes
Kimberly-Clark
McBride
Meyer Group
MNH Sustainable Cabin Services
Morphy Richards
Oneida
Pluswipes
Portmeirion Potteries
Procter & Gamble
Reckitt Benckiser
Robert Dyas
SC Johnson
SCA Tissue Europe
Spectrum Brands
The Green Pan Company
Unilever UK
Vi-Spring

Office Supplies and Equipment

Cambridge English
Polytime
Product Technology Partners
Ricoh UK
Ryman
The Barcode Warehouse

Toiletries, Personal & Baby Products

b3 International
Beiersdorf UK
Boots Group
Bray Group
Bunzl Healthcare
Bunzl Speciality Businesses Division
Church and Dwight
Colgate Palmolive
Crisis at Christmas
Kissy Kissy
Gillette Group Europe
GlaxoSmithKline
Huddersfield Royal Infirmary
Johnson & Johnson
L'Oréal
Lush
NHS Supply Chain
Pacific Direct
Pennine Healthcare
Really Good
SCA Hygiene Products UK
The Body Shop Foundation
Vital Group

Toys, Educational Products & Books

Demco Worldwide
HY-PRO
Le Toy Van
Learning Resources
Manhattan Toy
Mothercare
PayPal
The Disney Store
Usborne Publishing
WOW Toys

Donated Services

Addleshaw Goddard	DMI Productions	RDC
Amazon.co.uk Ltd	eCommera	RHP
Blueprint	Jacques Vert Group	Rebecca Adlington
Britannia Communications	Lloyds Banking Group	Ricoh
Business in the Community	Microsoft	Serco
Ceva Logistics	Mischon de Reya	The Walt Disney Company
Computacentre	Pentland Brands	Tulchan
Crimson Wing	Procter & Gamble	Xerox

Financial Supporters

29th May 1961 Charitable Trust	Hall, Mr and Mrs Robin	Parekh, Mr and Mrs Gary	The Prince of Wales's Charitable Foundation
Amazon.co.uk Ltd	Hancock, Mr and Mrs Tim	Pears Foundation	The Schroder Foundation
Anonymous donor	J R Corah Foundation	RDC	The Sobell Foundation
Charities Trust	Lalani, Mr and Mrs Sal	Santander Foundation	The Walt Disney Company
CHK Charities	Lintott, Mr and Mrs Tim	Stephens, Mr Mel	Thomas, Mrs Sharon
DS Smith	Lloyds TSB	The Big Give Trust	Tideman, Mrs Teresa
Feld, Mr and Mrs David	Morgan Charitable Trust	The Coutts	Trefoil Trust
Garfield Weston Foundation	Nutt, Mr Anthony	Charitable Trust	Wernick, Mr Lionel
	Ormsby Charitable Trust	The Eranda Foundation	

“

Through our partnership with In Kind Direct we are able to reach thousands of charities and not for profit organisations across the UK with donations of high quality P&G brands. UK charities are responsible for amazing work tackling disadvantage and addressing social needs in this country and abroad. It is a source of great pride for our company and our employees that we are able to support this with our products. By donating essential brands such as Pampers, Ariel, and Fairy, we can help transform communities that need most assistance.

Irwin Lee, Vice President & Managing Director, P&G UK & Ireland

”

Vision and Mission

Vision

In Kind Direct's vision is a thriving voluntary and community sector with the products and resources needed to transform lives

Mission

In Kind Direct helps voluntary and community sector organisations to maximise their impact by giving them access to the high quality products and resources they need to deliver their work.

We inspire responsible business practice and enable product giving by companies for the benefit of the largest number of voluntary and community organisations in the UK and around the world.

We work in partnership with both companies and voluntary and community organisations, mainly small organisations working at the grassroots, using products to transform communities and the lives of those in need.

Key Achievements 2013

- £13.6 million at retail value of goods distributed to charities
- Equivalent to 4,890 pallets of goods donated for distribution
- A record high of 2,301 charities receiving products in the year
- 17% more value of products going to charities for use in the UK than in 2013

Achievements since foundation

£130 million at retail value of goods distributed to charities
Over 6,500 charities have received products to date

Epilepsy Outlook was established in 1987 to provide practical support, advice and information to people with epilepsy, their families and carers. Epilepsy Outlook has an advice centre, two charity shops and provides epilepsy awareness training and arts and crafts sessions.

“We have often ordered from In Kind Direct, mainly cleaning materials and stationary to help keep our running costs down. Having an In Kind Direct account has been invaluable to our organisation.”

Jacqui Gettings, Manager, Epilepsy Outlook

The Market Nursery provides childcare for 30 children aged 2-5 years in the London Borough of Hackney. The Market Nursery provides a broad, balanced early days curriculum in a safe and welcoming environment.

“In Kind Direct has really helped us out, especially with cleaning supplies. As we have space for storage we now have a supply of cleaning supplies to last for a while. The box of mixed toys we got from In Kind Direct was also great. Toys can be so expensive otherwise!”

Yvonne Farrell, Finance Manager,
The Market Nursery

“

Amazon has been working with In Kind Direct for several years supporting the charity's UK operations and helping scope its international plans. Donating products is a key priority for us, ensuring that the wide range of surplus stock we have is put to good use, adding value and making a difference to people's lives wherever possible.”

Ajay Kavan, Vice President, Consumables at Amazon.co.uk Ltd

Age UK Camden



Salvation Army – Forfar



Goals for Gambia



In 2013, In Kind Direct redistributed £13.6 million in value of products donated by 101 companies to 2,301 charities.



Foodbank SHARE



Epilepsy Sucks UK

Directors' report for the year ending 31 December 2013

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 2013.

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.

Founded by HRH The Prince of Wales in 1996, In Kind Direct runs a unique service redistributing new surplus product from manufacturers and retailers to UK charities. Since then, we have distributed over £130 million of donated goods from 925 companies. Over 6,500 charities have received products to date. In Kind Direct works for the public benefit by ensuring that the expenditure of other charities on essential goods is reduced, thus stretching their scarce resources and enabling them to help millions of people in need at home and abroad, while reducing environmental damage.

Youth centres need sports equipment and toys. Women's refuges need bedding and toiletries. Homelessness and family welfare organisations need cleaning and laundry products. Every day charities struggle to raise sufficient funds to purchase essential items to sustain their operations. At the same time, companies often send the very same items to landfill, either because they are deemed surplus to requirement or not fit to retail 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 get it to charities where it's needed most. We inspire confidence in companies to donate through vetting all charities in our network and monitoring them closely to ensure products are used only for charitable purposes. Charities request goods via our online catalogue and the orders are delivered to their doors. They pay a handling charge for our service ensuring goods go only where needed, preventing stockpiling, as well as providing an important contribution to our costs.

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

In addition to our core service redistributing surplus products from companies, In Kind Direct also helps charities to access valuable resources by negotiating discounts on new essential products through our trading company 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 benefit:

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

Achievements and performance

2013 was another strong year for In Kind Direct, both in terms of impact generated and developing the organisation's financial resilience. We were particularly successful in distributing more products to charities working in the UK.

We continue to work toward objectives set out in our three year strategic plan (see plans for the future on page 17).

Progress against the objectives for 2013 is set out below:

1. Broaden and deepen our impact for the UK voluntary and community sector

Key Measures	2013 Original Target	Achieved	
Cumulative number of charities ever receiving product	6,500	6,551	✓
Estimated retail value of product distributed for use within the UK	£6.9 million	£8.1 million	✓

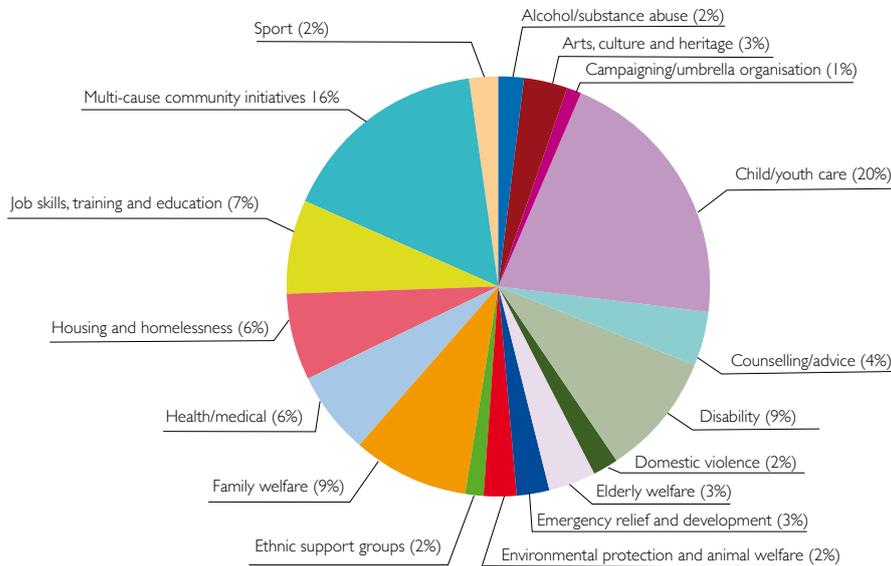


Fig 1 Charities by focus area at March 2014

In 2013 we continued to see strong growth in demand for our service among voluntary and community organisations of all sizes, tackling a huge range of issues. 909 charities joined the network to benefit over the course of the year – an average of 75 per month. See Fig 1, Fig 2 and Fig 3 for a breakdown of the network by focus area, income level and by location (at March 2014).

2,301 charities received products, ahead of our target for the year. We distributed more products for use within the UK than ever before, up by 17% on 2012 to £8.1 million.

Whilst in 2013, we reduced our focus on securing stock to distribute for use overseas, we still distributed over £5.5 million in value of stock to UK emergency relief and development charities working in areas including Eastern Europe, Syria and sub-Saharan Africa.

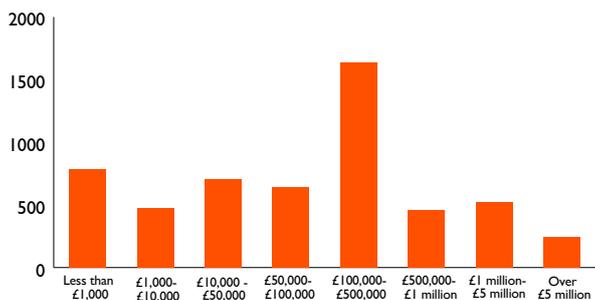


Fig 2 Charity network by annual income at March 2014

Impact study 2013

In June we carried out a survey of our charity partners in order to better understand our impact and how the service can be improved. Early this year we published a full impact report with the following key findings:

- Over half of charities said that receiving goods from In Kind Direct helped them to provide essential support to people struggling to afford basic supplies.
- Over half of charities said that ordering goods from In Kind Direct had helped their charity to “keep going”.
- Almost half of charities said that the types of goods and supplies available from In Kind Direct enabled them to deliver new or different activities.
- A third of charities said that the goods and supplies available from In Kind Direct helped them to engage people that would not have otherwise used their services.
- 97% of charities would recommend the service to others.

Enhanced catalogue and improved service for recipient charities

Our online catalogue is the main route through which charities select and order products for their use. During the year we made various improvements to the backend of our systems to improve user experience and customer service management provision, and to further enhance our ability to provide security to our company donor partners over product usage by charities.

In 2013, we spent significant time preparing for a major upgrade to our front-end eCommerce system which will go live in 2014. The upgrade will bring improvements to its usability and experience, informed by feedback from our charity partners and user advisory group.

Retail Donation Initiative with Disney

Through our Retail Donation Initiative, charities are matched directly with UK Disney Stores. Charities collect in-store surplus directly from their local store, building strong partnerships with the Disney employees which often extend well beyond the receipt of surplus goods. In 2013 we matched charities to 38 Disney Stores. This was a reduction from 43 in 2012, reflecting the closure of several Disney Stores during the year.

Collaborative work with other Prince’s Charities

We continued to work collaboratively with other Prince’s Charities targeting areas of economic and social disadvantage which are of particular interest to The Prince in the UK, including Burnley, Tottenham, Redcar, Stoke-on-Trent, East Ayrshire and Llandoverly. 129 charities have now received over £1.4 million in value of products in these target areas.

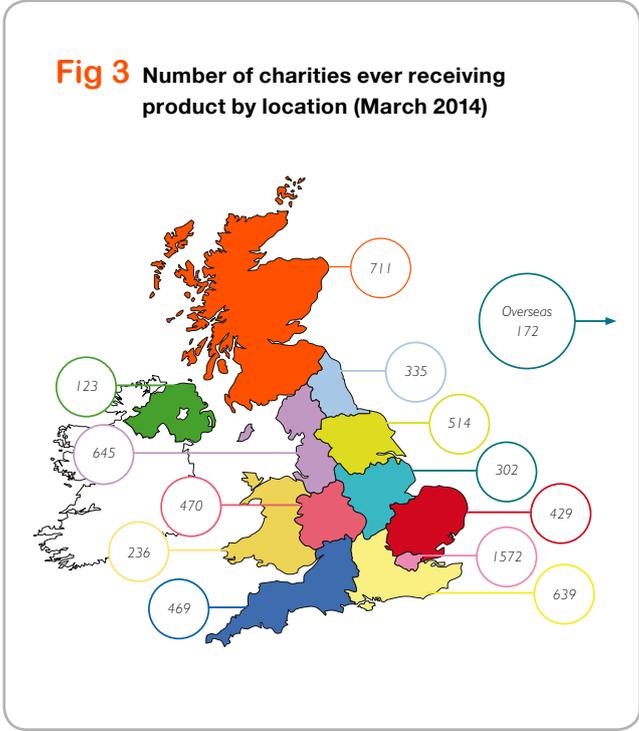
2. Develop partnerships with a wide range of UK companies generating a more consistent supply of the core products needed

Key Measures	2013 Target (revised)	Achieved	
Pallet equivalents donated	3,000	4,890	✓

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

In 2013 we received donations equivalent to 4,890 pallets of stock - or 188 lorry loads - from 101 companies. This was comfortably in excess of our year target of 3,000 pallets of stock, and reflected our decision to focus primarily on soliciting stock for use by charities within the UK.

Among donors continuing to support our work year after year were Procter & Gamble, Amazon, Colgate Palmolive, Disney, SCA, Meyer Group, Johnson & Johnson, GSK, Kimberly-



Clark, McBride and Reckitt Benckiser. Procter & Gamble continues to provide large quantities of household, cleaning and toiletry products that are absolutely essential to our charity partners.

Our relationship with the online retailer Amazon is also going from strength to strength. Donations from Amazon increased tenfold on the previous year and included a wide range of essential cookware, household products, food and toys.

Also of note was the donation of over 6.5 million (17 lorryloads) of nappies by the global consumer goods company Kimberly-Clark in July; one of the largest donations ever received by In Kind Direct. We worked with Kimberly-Clark to distribute the stock to over 300 child and family charities, including partners working in France, Germany and Eastern Europe.

Among 36 companies donating for the first time in 2013 were: Morphy Richards, Halo Furniture, Jacques Vert, Helly Hansen, Church & Dwight and Columbia Sportswear Company.

In 2013, we also launched a new partnership with an IT refurbisher to provide a regular supply of affordable laptops and desktops to our charity partners, with a rebate payable to our trading company, Trading IK Ltd. Take up for this scheme was higher than anticipated, with 278 charities receiving over 550 laptops and desktops in the year.

3. Increase awareness of the organisation's brand with companies, voluntary and community organisations and the wider public

Key Measures	2013 Target	Achieved	
Growth in visits to website on 2012	20% increase in average weekly web traffic	2%	✘
Growth in social media engagement on 2012	40% increase in Facebook "likes"	53%	✔
	40% increase in Twitter "followers"	33%	✘

Campaigns and awareness

Over the course of 2013 we ran a series of campaigns themed on different product areas: cookware, household goods and sports/outdoor goods. Each campaign comprised photographic competition with our charity partners to generate content, direct mailings to existing and prospective donor partners backed by social media and press work. As well as bringing in new donor companies and stock donations, the campaigns proved effective in engaging our charity recipients and in encouraging existing product donors to scale up donations in relevant categories.

Through this series of smaller campaigns and other work, we were successful in gradually increasing awareness among our target audiences of companies and charities, underpinning strong performance in donation volumes and handling charge growth. Whilst web traffic grew modestly over the year, without running a major event or public-facing campaign like those in 2012, we fell short of our ambitious target of 20% growth in web traffic on the previous year. Unique weekly visits to our website averaged 5,091 over the course of the year.

Partnerships

We continued to develop partnerships with a range of third sector organisations to raise awareness of the service and benefits In Kind Direct provides. Among organisations we worked with were the Directory of Social Change, NCVO, Small Charities Coalition, the Trussell Trust and local Community Voluntary Services (CVSs).

Social media

Social media continues to be a useful way for the charity to engage with our stakeholders. We expanded our Facebook and Twitter presence over the year with our "likes" and followers increasing by 53% and 33% respectively, as well as launching new a Google+ profile and developing our presence on LinkedIn.

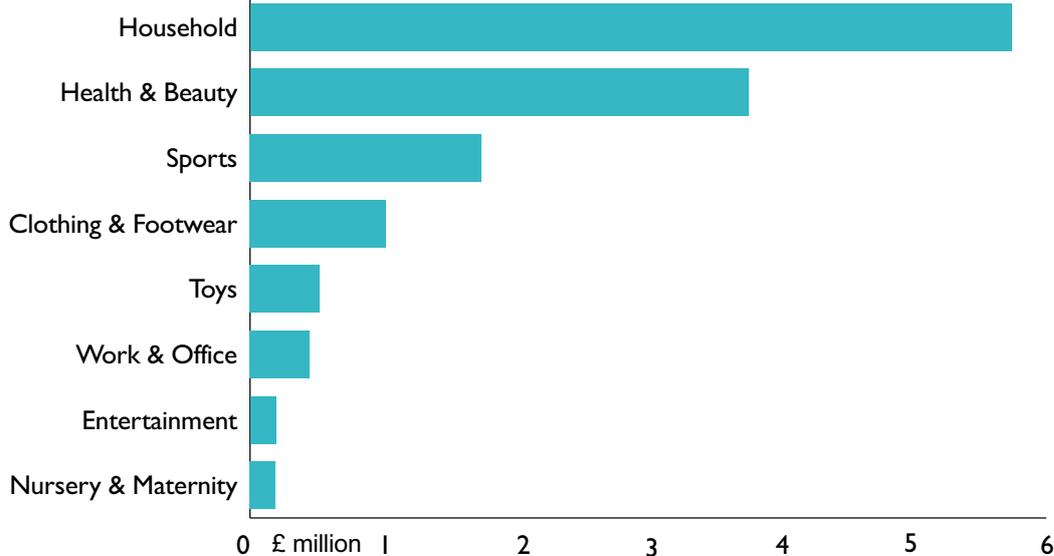


Fig 4 Value of goods distributed in 2013 by category

New logo and brand style

With generous pro-bono support from Disney, we completed the restyled logo and brand, giving us a clear, up-to-date identity to be rolled out in 2014.

4. Nurture the establishment and improvement of product philanthropy projects in other territories

Key Measures	
Support German licensee Innatura to begin operations	✓

During 2013, the company IKDI, operating as In Kind Direct International, was established and application was made to register IKDI as a charity. Work commenced on various legal agreements required for signing up additional licensee charities in other countries as well as service level agreements in order to provide the support they would need.

Other work also commenced on securing website addresses, developing branding, agreeing the network mark and gaining approval from The President of the network, HRH The Prince of Wales as well as seeking intellectual property protection. The toolkit, documenting the processes and policies in the In Kind Direct office and warehouse was completed and made available to the first full licensee, Innatura in Germany, and support was given as the German charity successfully began operations during the year. Legal work also commenced towards Dons Solidaire, a charity in France which has been operating for ten years, joining as an Associate Licensee of the network.

5. Establish a flexible, efficient and scalable logistics platform

Key Measures	Target	Achieved	
Average handling cost per order	£33.77	£38.73	✗

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 that 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. Rather, goods are valued after being sorted, prepared and made available to charities.

Over our seventeen-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. In December 2012 we completed a move to a new warehouse facility, also in Telford, and signed a new five year contract with TSB providing ongoing stability and high quality service for our charity.

Whilst average handling cost per order was above our expectations in 2013, this was in large part because of our

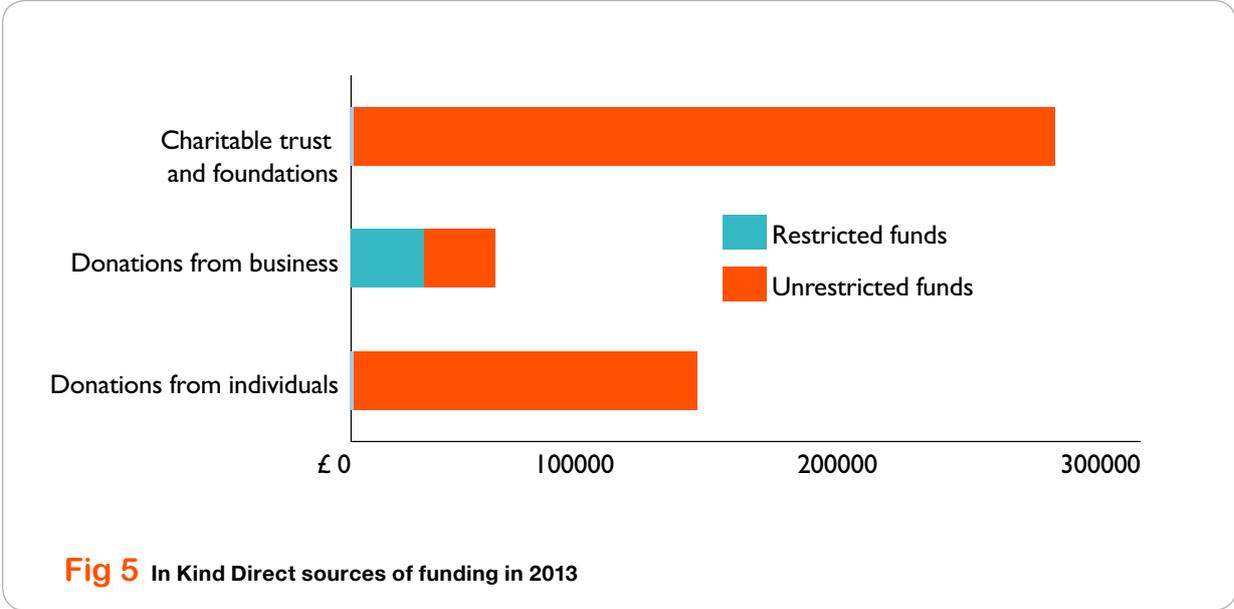


Fig 5 In Kind Direct sources of funding in 2013

success in encouraging charities to make fewer, but larger, orders. The number of orders processed by the warehouse decreased both against 2012 results and against the 2013 projection (-2.6% and -6.9%). Meanwhile, gross and net handling charges hit record levels. The knock on effect of lower order volumes was that fixed and variable costs per order increased.

In 2013, we expanded our successful corporate volunteering scheme, running 12 challenge days with over 100 volunteers at our warehouse in teams from Lloyds Banking Group and other companies. The volunteers work intensively on preparing and packing donations for distribution, which greatly increases our capacity to deal with complex mixed stock donations. Our volunteering scheme has received excellent feedback from participants, as an enjoyable teambuilding experience and an opportunity to develop communication, problem solving and team-working skills.

Hope & Aid Direct is a humanitarian charity that has worked in Bosnia, Croatia, Montenegro, Romania, Serbia and Kosovo. In Kosovo they work alongside the Mother Teresa Society, a Kosovo based NGO that helps Hope & Aid Direct to prioritise the worst cases, including homeless people, people with no income, refugees, elderly, victims of war, violence and harassment, often living in makeshift constructions, without proper water supply or heating.

In 2013 Hope and Aid Direct sent three 40ft containers full of humanitarian aid to the Philippines, including pallets of baby feeding bowls, crockery and educational supplies, all collected from In Kind Direct.

“Being part of the In Kind Direct network has been a huge help, enabling us to provide the people we help with much more aid. The people out there have lost everything, so in addition to food and shelter we are pleased to be able to provide plates, bowls and writing materials for the children, to help them re-build their communities. We wouldn’t be able to do this if we couldn’t acquire goods from In Kind Direct”.

Charles Storer MBE, Founder and Head of Operations, Hope & Aid Direct

In addition, an apprentice scheme was started at our warehouse during the year. It is anticipated that successful participants will be offered a permanent position at the end of the placement to replace others retiring, leaving or as necessary to meet the requirements of growth.

6. Develop a sustainable financing model for the organisation with diverse income and funding streams

Key Measures	Target	Achieved	
Raise sufficient funding to end 2013 with at least three months’ operating reserves	3 months operating reserves	5.8 months operating reserves	✓
Net handling charge (after logistics costs) achieved	£403,772	£454,042	✓

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

1) Handling charges paid for our service

It’s free for charities to join our network. On ordering, charities pay a handling charge for our service, which includes delivery to their doors. As well as preventing stockpiling, this income is a crucial plank of our funding and one which, as we grow, improves further, making the organisation increasingly financially resilient. In 2013, we received record gross income from handling charges of £1,073,200, up by £124,640 on the previous year.

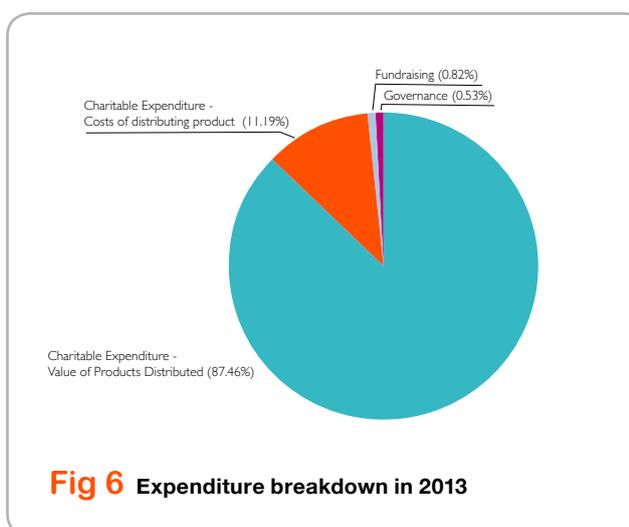


Fig 6 Expenditure breakdown in 2013

2) Trading income

2013 was the fourth year of operations for In Kind Direct's wholly-owned trading subsidiary (Trading IK Limited). During the year, Trading IK ran several income generation projects.

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

Trading IK also facilitates various affiliate marketing schemes giving charities access to discounted products and services, particularly in categories where In Kind Direct struggles to secure adequate supplies of donated product. In 2013, we continued schemes with Staples Advantage and Ryman to provide discounted access to office supplies as well as our scheme with Money4Computers which enables charity partners to receive a rebate for disposing of IT equipment in an environmentally responsible way. The new scheme with an IT refurbisher (see above) also delivered valuable rebate income into the trading company.

3) Grants and fundraising

As we strive to maximise the above two income streams, we currently remain reliant on support from grant-makers and major donors who understand and are inspired by the unique impact of our work.

2013 was another successful year for In Kind Direct in terms of fundraising. We exceeded our original year fundraising target, helping us to end the year with above-target reserves of 5.8 months of operating expenditure.

Donations from individuals who appreciate the leveraging impact of our work continue to be an important source of income for the charity. We are particularly grateful to Mr & Mrs Tony Nutt, Mr Lionel Wernick, Mr & Mrs Robin Hall, Ms Sharon Thomas and Mr & Mrs David Feld for their continuing generous support.

In 2013 we received new multi-year grants from The Garfield Weston Foundation, The Schroder Foundation and The 29th May 1961 Charitable Trust whilst trusts and foundations including The Eranda Foundation, The Morgan Charitable Foundation, The Sobell Foundation and The Ormsby Charitable Trust continued their generous support. Company

YMCA Llandoverly was established in 1990 to provide a safe social meeting place for young people, enabling them to take up or pursue their particular interests and strengthen their talents and abilities.

“Goods from In Kind Direct make a big difference to our charity and enable us to drastically reduce our cleaning products/toilet rolls expenditure. This leaves funds available for the rest of our work with the local community.”

Jill Tatman, Centre Manager at YMCA

donors included Bunzl, Lloyds Banking Group, Amazon, Santander, DS Smith and The Walt Disney Company.

In April, one of In Kind Direct's Trustees, Allison Kirkby, ran the London Marathon, raising over £7,000 in sponsorship for the charity. In December we once again took part in the Big Give Matched Funding Challenge which helped us to attract additional public donations as well as matched funding from The Big Give Trust.

We are hugely grateful to everyone who has provided financial support to the charity this year.

7. Provide the highest quality support to all of our employees and trustees through effective finance, governance, HR management and use of Information & Communication Technology

HR, Finance and IT

In Kind Direct has an experienced, stable staff team and enjoys high levels of retention. We provide a range of benefits for staff including an established performance related remuneration scheme.

In 2013 we carried out a project documenting all of the organisation's processes and procedures on our corporate intranet. As well as being a prerequisite to developing a model which is replicable in other territories as part of our international work, this has become an essential training, induction and business continuity tool.

We also carried out preparation work to enable In Kind Direct to move to a scalable cloud-based hosting platform early in 2014, with support from Amazon Web Services and Scalr.

Waltham Forest Asian Mothers



Internships and volunteers

Once again, the charity has been fortunate to benefit from the support of a number of volunteers over the year. In addition to expanding the corporate warehouse programme outlined above, in 2013, we continued our successful internship scheme, providing three to four month placements for seven volunteers throughout the year. The internships aim to provide wide-ranging work experience within a dynamic work environment at our London office, supporting our business development, marketing, logistics and charity partnerships teams. Where possible, interns spend some time during their internship on placements at our donor companies which further enhances the experience. We are delighted that the scheme has helped provide a valuable starting point for individuals looking to start, or change into, a career within the sector. In 2013 In Kind Direct made the decision to start paying interns, reflecting the proven value that the scheme has brought to the charity.

In Kind Direct is hugely grateful to all volunteers who have supported the charity this year.

Financial review of 2013

2013 was an excellent year for operational and fundraised income, helping us to achieve a high level of reserves and put the organisation in a strong position moving into 2014.

During 2013, In Kind Direct's logistics operations generated handling charge income of £1,073,200 (2012: £948,560) and Retail Donation Initiative registration fees of £4,175 (2012: £6,300). Handling charges increased by £124,640 mainly due to the rise in volume and quality of donated products received in 2013, and an increase in the amount of spend per order.

£452,812 of funding was donated to In Kind Direct during 2013 (2012: £400,404), of which £423,562 was unrestricted and £29,250 was restricted. Charitable trusts and foundations continued to provide a significant proportion of In Kind Direct's funding. They accounted for 59% last year, whilst the contribution from the corporate sector stayed at 12%. Donations from individuals did not comprise the major portion of donations (29% in 2013 vs. 60% in 2012).

In addition to unrestricted grants and donations, £1,002 was released from restricted funds to the general fund. This provided total unrestricted funding of £424,564 towards our operational costs.

Trading company income increased from £140,376 in 2012 to £146,899 in 2013. This was due to a new scheme for selling returned goods via a third party agent (£10,096), and a new

affiliate scheme for the supply of reconditioned desk top and lap top computers (an IT refurbisher: £74,504), whilst in 2013 no further licence fee was received from the German charity (2012: £100,000). The dividend from the trading company to In Kind Direct decreased from £115,388 in 2012 to £62,378 in 2013 for two main reasons; the end of net licence fee income from Germany (-£88,232), partially offset by higher sales of bulk goods and returned goods (£27,250).

Over £13.6 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 £2.0 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 Fig 5 for an analysis of our expenditure.

The knock on effect of larger but fewer orders was that fixed costs per order increased from £18.54 in 2012 (2013 budget £18.21) to £19.33 in 2013. Variable costs were also higher than both 2012 and the 2013 budget (£38,348/£40,004), resulting in higher costs per order (£19.40 vs. £15.74 budget and £16.57 2012). Variable costs increased due to higher pallet rates; having to pay for more pick ups of donated goods; and purchasing more packaging due to the lack of donated materials. Overall, logistics costs increased by 4.0% vs. 2012, despite the volume of orders received decreasing by 2.6%.

Overhead expenditure increased by 3.5% on 2012 to £1,301,911. This increase was largely due to increases in expenditure by the trading company relating to the cost of sales of computers as part of the new refurbished IT scheme, (which generated a net profit).

Plans for the Future

At the end of 2011 we carried out a strategic review, culminating in a new vision and mission, goals and objectives to inform our ongoing work. Our vision and mission (see page 5) crystallise more sharply the impact that we wish to generate for the voluntary and community organisations serving millions of people in need which benefit from our work.

In 2014, we will run a new strategic planning process to set out goals for the period 2015-2018. This will be led by the Trustees and Senior Management and will involve our various groups of stakeholders.

For 2014, the objectives and plans we've put in place are:

Objective	Plans
<p>1. Broaden and deepen our impact for the UK voluntary and community sector</p> <p>Key measures</p> <p>Cumulative number of charities ever receiving product at year end = 7,000 Value of product distributed for use within the UK in year = £8.3 million</p>	<ul style="list-style-type: none">■ Run targeted recruitment campaigns, focusing on charities most likely to make most effective use of the service■ Continual improvement and development of the service through feedback gained through customer insight project, charity survey and impact work and Charity User Advisory Group.■ Implement upgrade of online catalogue and website to enable greater functionality and improve user experience■ Development of extra benefits for registered organisations
<p>2. Develop partnerships with a wide range of UK companies generating a more consistent supply of the core products needed</p> <p>Key measures</p> <p>3% increase on volumes donated in 2013 30 new donors recruited in core categories</p>	<ul style="list-style-type: none">■ Develop and deepen relationships with existing product donors in core product categories■ Recruit new product donors in key categories using targeted campaigns (at least three in year), involving advocates and through events where suitable■ Secure new streams of needed products through the development of affiliate partnerships
<p>3. Increase awareness of the organisation's brand with companies, voluntary and community organisations and the wider public</p> <p>Key measures</p> <p>Average weekly site traffic increases by 10% on 2013 Increase social media reach increases by 40% across Twitter & Facebook</p>	<ul style="list-style-type: none">■ Develop a range of partnerships with third sector organisations including umbrella organisations and local Community Voluntary Services (CVSs) and other campaigns to raise awareness of our work in the sector■ Outreach to new and existing company partners via integrated campaigns incorporating events, mailings, media and social media work■ Deliver a major media campaign highlighting the impact of In Kind Direct's work■ Roll out modernised logo and branding and refresh content of main website
<p>4. Support In Kind Direct International to nurture the establishment and improvement of product philanthropy in other territories</p>	<ul style="list-style-type: none">■ Ongoing support for the international network, including running a conference in London for international affiliates■ Support launch of new licensee in Singapore■ Support preparation of three year strategy for In Kind Direct International
<p>5. Establish a flexible, efficient and scalable logistics platform</p> <p>Key measures</p> <p>Average handling cost per order = £36.48</p>	<ul style="list-style-type: none">■ Implement a new warehouse management system to allow for greater picking efficiency and capacity■ Install new mezzanine level at the warehouse to provide increased space for product donation sorting and preparation■ Further expand the warehouse volunteer scheme■ Continue other efficiency improvements at the warehouse, reducing costs wherever suitable and responding effectively to growth in throughput
<p>6. Develop a sustainable financing model for the organisation with diverse income and funding streams</p> <p>Key measures</p> <p>Raise sufficient funding to end 2014 with at least three months' operating reserves Net handling charge (after logistics costs) achieved = £430,509</p>	<ul style="list-style-type: none">■ Translate growing throughput into net handling charge income whilst maximising value for charity partners■ Rolling programme of trust, company and major donor funding applications■ Support a team to raise funds through running the Royal Parks Half Marathon■ Develop and expand the Trading IK public sales initiative and other income-earning schemes
<p>7. Provide the highest quality support to all of our employees and trustees through effective finance, governance, HR management and use of Information & Communication Technology</p>	<ul style="list-style-type: none">■ Establish mechanism for ongoing Board evaluation■ Renewed focus on improving internal communications■ Continue internship scheme. Review and expand warehouse logistics apprentice scheme

Structure, governance and management

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

There are eleven trustees, who meet quarterly as a Board as do the Marketing Committee, and the Finance and Audit Committee. With the addition of the Chairman of the charity, the latter Committee also constitutes the Remuneration Committee. There is also a Nominations Committee which meets as required.

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

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. New trustees are invited to attend an in-depth induction training day with trustees of the other Prince's Charities.

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

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

Financial policies

Reserves policy

In 2009, the Board's review of the reserves policy concluded that the charity should aim to achieve reserves equivalent to three months' operational cashflow (2013: £212,337) until such time that the charity reaches financial self-sustainability. The longer term aspiration of the Board is that the charity achieves six months' reserves.

Restricted reserves	£ 24,476
Unrestricted reserves	£383,648

Total reserves as at 31 December 2013 £408,124

None of the restricted reserves are due to transfer to the general fund during 2014 (2012: £0). Therefore, the unrestricted reserves balance of £383,648 equates to 5.8 months of operating costs and represents an increase of £85,699 compared to the previous year (2012: £297,949). It is also in line with the longer term goal of 6 months' funds.

Investment policy

In Kind Direct's investment policy is to place funds in excess of short-term commitments on monthly deposit leaving a sufficient balance in the current account which is coupled with a nightly sweep to a higher interest deposit facility. It is the opinion of the Board of Trustees that the interest earned is paid at a competitive market rate and that these investments perform to a satisfactory level.

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

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 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.

Example risks identified include: overreliance on top donor companies, the loss of infrastructure support and operational and reputational risk surrounding potential misuse of donated products by charity partners.

Further to the identification last year of an infringement of the terms and conditions of use of products by an intermediary organisation, the charity has further tightened and improved our procedures for vetting and monitoring charities receiving products. Continual improvement of these processes helps us ensure that donated goods are being used wholly for charitable purposes.

Environmental policy

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

We recognise our obligation to comply with the law and to carry out our work in an as environmentally sound manner as possible. As a matter of policy we have a commitment to minimising 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:

Christopher Hyman, CBE
(Chairman)

James Garvey

Appointed 25 March 2014

Stephen Howard

Ajay Kavan

Allison Kirkby

Irwin Lee

John Pattullo

Michael Ross

Andrew Rubin

Teresa Tideman

Andrew Wright

Matthew Young

Retired 25 March 2014

Changes in fixed assets

A capital commitment to replace the charity's Magento-based website and on line catalogue was agreed by the Board of Directors in 2013. This work will take place during 2014 at an estimated cost of £90,000. During 2013, warehouse equipment costing £9,474 was purchased and is being depreciated over three years.

Statement of trustees' responsibilities

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 and group's auditor is unaware; and
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Related Parties

None of In Kind Direct's trustees are employed by a company with which In Kind Direct has a commercial relationship. Two trustees of In Kind Direct are employed as Chief Executive / Director of two other organisations forming part of The Prince's Charities. These are detailed in Note 16, page 35, to these accounts.

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

In Kind Direct is the sole member of IKDI. Robin Boles, Chief Executive of In Kind Direct, along with three director trustees of In Kind Direct, are director/trustees of IKDI. They are Ajay Kavan (Chairman of IKDI), Irwin Lee and Michael Ross.

Auditors

haysmacintyre was reappointed as auditor at the Annual General Meeting held on 19 September 2013.

By order of the Board



Allison Kirkby
Director and Trustee
6 June 2014

Independent Auditors' report to the members of In Kind Direct

We have audited the financial statements of In Kind Direct for the year ended 31 December 2013 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Charity Balance Sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of trustees and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the charitable company and the group as at 31 December 2013 and of the incoming resources and application of resources, including the income and expenditure, of the group for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.



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

26 Red Lion Square
London

11 June 2014

Consolidated Statement of Financial Activities for the year ended 31 December 2013

	Notes	Unrestricted Funds £	Restricted Funds £	Totals 2013 £	Totals 2012 £
INCOMING RESOURCES					
Incoming Resources from generated funds					
Value of donated goods distributed	3	10,507,903	3,116,156	13,624,059	12,478,171
Other voluntary income	2	423,562	29,250	452,812	400,404
Donated goods & services for own use	3	312,991	-	312,991	376,466
Income from trading activities	4	146,899	-	146,899	140,376
Investment income		1,015	-	1,015	869
Incoming resources from charitable activities					
Retail donation registration fees		4,175	-	4,175	6,300
Handling charges		1,073,200	-	1,073,200	948,560
Other income		252	-	252	-
Total incoming resources excluding value of donated goods distributed		1,962,094	29,250	1,991,344	1,872,975
Total incoming resources		12,469,997	3,145,406	15,615,403	14,351,146
RESOURCES EXPENDED					
Costs of Generating Funds	5	42,455	1,107	43,562	73,522
Costs of Trading Activities	5	84,522	-	84,522	24,988
Costs of Generating Funds		126,977	1,107	128,084	98,510
Cost of Charitable activities					
Distribution of donated goods	5	10,507,903	3,116,156	13,624,059	12,478,171
Other Charitable Costs	5	1,668,913	73,696	1,742,609	1,710,524
Total Cost of Charitable Activities		12,176,816	3,189,852	15,366,668	14,188,695
Governance Costs	5	80,505	1,838	82,343	79,632
		80,505	1,838	82,343	79,632
Total resources expended	5	12,384,298	3,192,797	15,577,095	14,366,837
Net Income for the Year		85,699	(47,391)	38,308	(15,691)
Other Recognised Gains/Losses					
Net gain/(loss) on investment assets	10	-	-	-	-
Net Movement in funds		85,699	(47,391)	38,308	(15,691)
Funds brought forward at 1 January		297,949	71,867	369,816	385,507
Funds carried forward at 31 December	13	383,648	24,476	408,124	369,816

The financial activities above relate wholly to the continuing activities of In Kind Direct.
The notes on pages 26 to 35 form part of these financial statements.

There are no recognised gains or losses other than those dealt with in the above statements.

Balance Sheet at 31 December 2013

	Notes	Group Unrestricted Funds	Group Restricted Funds	Total 2013	Total 2012
		£	£	£	£
Fixed assets					
Tangible assets	9	49,522	-	49,522	64,963
Investments	10	-	-	-	
Current assets					
Debtors	11	67,015	-	67,015	165,912
Short-term deposit		150,000	-	150,000	150,000
Cash at bank and in hand		254,031	27,569	281,600	140,410
		471,046	27,569	498,615	456,322
Creditors: amounts falling due within one year	12	(136,920)	(3,093)	(140,013)	(151,469)
Net current assets		334,126	24,476	358,602	304,853
Total assets less current liabilities		383,648	24,476	408,124	369,816
Funds					
Balance at 1 January		297,949	71,867	369,816	385,507
Movement in Funds		85,699	(47,391)	38,308	(15,691)
Balance at 31 December	13	383,648	24,476	408,124	369,816

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



Allison Kirkby
Director and Trustee

The notes on pages 26 to 35 form part of these financial statements.

Balance Sheet at 31 December 2013 – Charity

	Notes	Charity		Total 2013	Total 2012
		Unrestricted Funds	Restricted Funds		
		£	£	£	£
Fixed assets					
Tangible assets	9	49,522	-	49,522	64,963
Investments	10	1	-	1	1
Current assets					
Debtors	11	96,800	-	96,800	177,082
Short-term deposit		150,000	-	150,000	150,000
Cash at bank and in hand		214,643	27,569	242,212	114,216
		461,443	27,569	489,012	441,298
Creditors: amounts falling due within one year	12	(127,318)	(3,093)	(130,411)	(136,446)
Net current assets		334,125	24,476	358,601	304,852
Total assets less current liabilities		383,648	24,476	408,124	369,816
Funds					
Balance at 1 January		297,949	71,867	369,816	385,507
Movement in Funds		85,699	(47,391)	38,308	(15,691)
Balance at 31 December	13	383,648	24,476	408,124	369,816

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



Allison Kirkby
Director and Trustee

The notes on pages 26 to 35 form part of these financial statements.

Notes to the Financial Statements – year ended 31 December 2013

1. Principal accounting policies

Basis of Preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain investments, and in accordance with the Statement of Recommended Practice (SORP) – “Accounting and Reporting by Charities” – published in March 2005 and applicable accounting standards.

Basis of Consolidation

Group accounts have been prepared for In Kind Direct and its wholly owned subsidiary Trading IK Limited. The accounts have been consolidated on a line by line basis. In accordance with section 408 of the Companies Act 2006, no separate Statement of Financial Activities is presented for the 12 months ended 31 December 2013 as the charity’s result was the same as the group.

Income of the charity (parent company) amounted to £15,530,883. Net outgoing/incoming resources after gains and losses in investments amounted to £38,308.

Fund Accounting

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

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

Fixed Assets

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

Investment

Investments are stated at market value at balance sheet date. Market value is taken to be bid price ruling at the balance sheet date. The SOFA includes the net gains and losses arising on revaluations and disposals throughout the year. It is the Charity’s policy to keep valuations up to date at the balance sheet date.

Leased assets

The charity has no finance leases. All operating leases and rental expenses are charged to the SOFA as incurred.

Incoming resources

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

Goods and services donated for the charity's own use

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

Goods donated for onward distribution

Goods donated for onward distribution are included as both income and expenditure, at the time of distribution, at a reasonable estimate of their original market value, less adjustments to reflect condition where the goods are not in their original pristine condition.

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.

Cash flow statement

The Trustees (Directors) have taken advantage of the exceptions in Financial Reporting Standard no. 1 not to prepare a cash flow statement.

Pension costs

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

Resources Expended

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

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

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

Governance Costs - The costs remaining which include:

Financial, legal and administrative expenses incurred in connection with enabling the charitable company to comply with external regulations, constitutional and statutory requirements; and in providing support to the trustees in the discharge of their statutory duties.

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

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

Staff costs: According to the time spent by each member of staff on activities within that category.

Office expenses: In the same overall ratio as staff costs.

Depreciation: In the same overall ratio as staff costs

notes 2–3

2. Other Voluntary Income	Restricted Funds	Unrestricted Funds	Total 2013	Total 2012
	£	£	£	£
Charitable Trusts	1,000	266,197	267,197	110,342
Business donations	28,000	26,848	54,848	47,912
Government	-	-	-	-
Donations by individuals	250	130,517	130,767	242,150
	29,250	423,562	452,812	400,404

3. Donated goods and services

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

	Goods donated for distribution restricted	Unrestricted Funds	Total 2013	Total 2012
	£	£	£	£
Value of donated goods distributed	3,116,156	10,507,903	13,624,059	12,478,171
Services donated for own use	-	312,991	312,991	376,466
	3,116,156	10,820,894	13,937,050	12,854,637

note 4

4. Trading activity

Trading IK Limited is a wholly owned subsidiary trading company of the charity, established on 2 July 2009. Its principal activity is generating alternative sources of income such as eBay sales and affiliate marketing agreements. The company gift aids its taxable profits to the parent company. The results for the trading company for the year ended 31 December 2013 were:

	31 December 2013	31 December 2012
	£	£
Turnover	146,899	140,376
Cost of sales	(65,403)	-
Gross profit	81,496	140,376
Distribution costs	(8,942)	(4,429)
Administration costs	(10,176)	(20,559)
Profit for the period	62,378	115,388
Gift Aid to In Kind Direct	(62,378)	(115,388)
Profit for the period after Gift Aid	-	-

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

	£	£
Current assets	45,116	135,121
Creditors and accruals	(45,115)	(135,120)
Net Assets	1	1

notes 5–6

5. Total Resources Expended

	Direct cost	Support cost	Total 2013	Total 2012
	£	£	£	£
Cost of Charitable Activities				
Distribution of donated goods	13,624,059	-	13,624,059	12,478,171
Other charitable costs	665,486	1,077,123	1,742,609	1,710,524
	14,289,545	1,077,123	15,366,668	14,188,695
Cost of Generating Funds				
Fundraising activities	-	43,562	43,562	73,522
Trading activities	84,522	-	84,522	24,988
Governance Cost	10,000	72,343	82,343	79,632
Total Resources Expended	14,384,067	1,193,028	15,577,095	14,366,837

6. 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	Governance Costs	Total 2013	Total 2012
	£	£	£	£	£
Management/Other	325,013	29,008	28,591	382,612	359,727
Finance & IT	134,724	2,066	18,074	154,864	161,266
Logistics	203,298	9	3,424	206,731	203,199
Charities	123,145	72	2,787	126,004	135,256
Fundraising	8,358	978	488	9,824	10,986
Premises	282,585	11,429	18,979	312,993	335,486
	1,077,123	43,562	72,343	1,193,028	1,205,920

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

notes 7–8

7. Employees

Staff costs comprise:	Total 2013	Total 2012
	£	£
Salaries and wages	613,859	590,288
Social security costs	64,759	60,312
Other pension costs	55,849	49,337
	734,467	699,937

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

	2013	2012
Distribution of donated goods	14	13
Governance	1	1
	15	14

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

* £130,000 - under £140,000	1	1
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* includes use of company leased car

In Kind Direct contributes to a money purchase Group Personal Pension Scheme on behalf of all members of staff. Contributions of £55,849 (2012: £49,337) were paid during the year to this scheme including £16,325 (2012 : £14,761) in respect of the highest paid member.

The trustees did not receive remuneration for their services to the company during the period (2012: £nil).

Expenses incurred by the directors were not reimbursed by the company.

In Kind Direct purchased insurance for the trustees and officers of the company during the year to indemnify them against possible liabilities incurred in relation to the performance of their duties. The cost of this insurance in 2013 was included within the charity's business insurance policy and cannot be separately identified. The cost in 2012 was £629.

8. Net expenditure for the year is stated after charging:

	2013	2012
	£	£
Auditor remuneration - audit fee	10,000	9,750
Operating Lease payments - other	6,179	6,174
Depreciation	24,915	30,541

notes 9–10

9. Tangible Fixed Assets

(Group & charity)

	Computer Equipment		Warehouse Equipment		Total 2013	Total 2012
	Unrestricted Funds	Restricted Funds	Unrestricted Funds	Restricted Funds		
	£	£	£	£	£	£
Cost as at 1 January 2013	45,650	30,085	79,428	-	155,163	137,679
Additions during year	-	-	9,474	-	9,474	45,205
Disposal	-	-	-	-	-	(27,721)
Cost as at 31 December 2013	45,650	30,085	88,902	-	164,637	155,163
Depreciation as at 1 January 2013	(34,999)	(30,085)	(25,116)	-	(90,200)	(73,519)
Charge for year	-	-	(24,915)	-	(24,915)	(30,541)
Disposal	-	-	-	-	-	13,860
Depreciation as at 31 December 2013	(34,999)	(30,085)	(50,031)	-	(115,115)	(90,200)
Net book value as at 1 January 2013	10,651	-	54,312	-	64,963	64,159
Net book value as at 31 December 2013	10,651	-	38,871	-	49,522	64,963

Warehouse reconfiguration work net book value of £0 (2012: £13,861) was written off during 2013.

10. Investment (Charity)

	Unrestricted Funds	Restricted Funds	Total 2013	Total 2012
	£	£	£	£
Shares - subsidiary company Trading IK Ltd	1	-	1	1
Market value at 31 December 2013	1	-	1	1
Historical value at 31 December 2013			1	1

notes 11–12

11. Debtors

	Group 2013	Group 2012	Charity 2013	Charity 2012
	£	£	£	£
Prepayments	32,730	31,333	32,730	31,333
Trade debtors	103	-	-	-
Intercompany debtor	-	-	35,513	120,098
Taxation and social security	1,810	-	-	-
Other debtors	32,372	134,579	28,557	25,651
	67,015	165,912	96,800	177,082

12. Creditors: amounts falling due within one year

	Group 2013	Group 2012	Charity 2013	Charity 2012
	£	£	£	£
Trade creditors	(83,694)	(103,894)	(76,242)	(103,371)
Accruals	(12,650)	(28,872)	(10,500)	(14,372)
Intercompany creditor	-	-	-	-
Taxation and social security	(43,669)	(18,703)	(43,669)	(18,703)
	(140,013)	(151,469)	(130,411)	(136,446)

note 13

13. Reserves

	Movement in Resources				Balance at 31 Dec 2013
	Balance at 1 Jan 2013	Transfers between funds	Incoming Grants	Expenditure	
Restricted Funds:	£	£	£	£	£
1 Fidelity UK	67,000	-	-	(42,971)	24,029
2 TSB Supply Chain	3,966	-	-	(3,966)	-
3 DS Smith	-	-	28,000	(28,000)	-
4 JR Corah Foundation	-	-	1,000	(1,000)	-
5 Teresa Tideman	-	-	250	(250)	-
6 Frances Bleasdale legacy	901	-	-	(454)	447
7 Value of goods distributed	-	-	3,116,156	(3,116,156)	-
Total Restricted Funds	71,867	-	3,145,406	(3,192,797)	24,476
Unrestricted Funds	297,949	-	12,469,997	(12,384,298)	383,648
Total Funds	369,816	-	15,615,403	(15,577,095)	408,124

Details

- (1) Funds towards the international expansion.
- (2) Funds towards the cost of the warehouse move.
- (3) Funds towards the cost of warehouse packaging supplies.
- (4) Funds are for the purpose of enabling charities in a particular sector or geographical location to benefit from the In Kind Direct Service.
- (5) Funds towards the cost of music royalties for funder video
- (6) Funds contributed in respect of in kind health benefits to In Kind Direct staff.
- (7) These are goods which the donor company has specified must go overseas, or that have been restricted by the donor in some other way.

notes 14–17

14. Donation of services for own use

(Group & Charity)

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

	2013	2012
	£	£
Office accommodation, printing & postage charges	312,991	335,486
Promotional video production	0	9,000
Transportation costs	-	49,200
	312,991	393,686

15. Obligation under operating lease

(Group & Charity)

The amount payable on one motor-vehicle within the next twelve months on leases expiring :

Length of lease remaining	Other	Total 2013	Total 2012
	£	£	£
Less than 1 year	2,056	2,056	-
2-5 years	4,123	4,123	6,169
	6,179	6,179	6,169

Lease payments of £6,179 (2012: £6,169) were charged to the Statement of Financial Activities during the year.

16. Related party transactions

(Charity)

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

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

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

In Kind Direct is the sole member of IKDI. Robin Boles, Chief Executive of In Kind Direct, along with three director trustees of In Kind Direct, are director/trustees of IKDI. They are Ajay Kavan (Chairman of IKDI) and Michael Ross.

17. Capital commitments

(Group & Charity)

There was a contractual obligation for the purchase of a new Magento website at 31 December 2013. The estimated cost is £90,000 (2012: nil).



IN KIND DIRECT
(a company limited by guarantee)
Registered Company no: 3155226
Registered Charity no: 1052679

IN KIND[®]
DIRECT
MATCHING SURPLUS TO NEED