

2007



**Report and
Financial Statements**
for the year
ended 31 December 2007

IN KIND DIRECT
(a company limited by guarantee)
Registered Company no: 3155226
Registered Charity no: 1052679
Enrolled Environmental Body no: 213023

Report and financial
statements for the year
ended 31 December 2007

2007

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Reference and administrative details

Directors & Trustees

Christopher Hyman (Chairman)	
David Thomas CBE (former Chairman)	Resigned 2 July 2007
J Michael Blackburn (Deputy Chairman)	
Dame Julia Cleverdon CVO CBE	Resigned 20 March 2008
Michael Fairey	Resigned 30 June 2008
Julia Hobsbawm	Resigned 26 September 2007
Stephen Howard	Appointed 20 March 2008
Allison Kirkby	
Nigel Palmer	
John Pattullo	
Cindy Rose	
Andrew Rubin	
Sir Tom Shebbeare KCVO CBE	

Principal and registered office

11–15 Monument Street
London
EC3R 8JU

Tel: 020 7714 3930
Fax: 020 7714 3920
www.inkinddirect.org

Chief Executive

Robin Boles

Auditors

Deloitte & Touche LLP
Hill House
1 Little New Street
London
EC4A 4TR

Bankers

Lloyds TSB Bank plc
34 Moorgate
London
EC4N 8DL

Honorary Solicitors

Addleshaw Goddard
150 Aldersgate Street
London
EC1A 4EJ

Honorary Solicitors

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

Status

In Kind Direct is:

- a company limited by guarantee, number 3155226.
- a charity registered in the United Kingdom, number 1052679.
- an enrolled environmental body, number 213023.

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 2007 from many individuals and organisations by way of encouragement, donated goods or services and direct funding. All this support is provided by the people and organisations listed below:

Donated Goods

Household Goods

3M
Admiral Group
Autosmart International
Black & Decker
Bosch
BT
Bunzl Catering Supplies
Bunzl Retail Supplies
Cavendish Textiles
Christy
Dorma Group
Groupe SEB
IPC Media
Johnson Diversey
Kimberly-Clark
Legal & General Group
Portmeirion Potteries
Procter & Gamble
Salton Europe
SCA Tissue Europe
Speedy Products
The Bank of New York Mellon
The Meyer Group
Unilever
Vi-Spring
WMF United Kingdom

Toiletries, Personal & Baby

Boots Group
Bray Group
Colgate Palmolive
Colville Sales
Estée Lauder
Gillette Group Europe
GlaxoSmithKline
Johnson & Johnson
Learning Disabled Society
L'Oréal
Lornamead
Mothercare
NHS Logistics Authority
Out of Eden
Sara Lee Household & Body Care
The Body Shop Foundation
T K Salvo
Unilever Home & Personal Care

Clothing, Footwear & Sports Goods

Amlin
Andrew Olleson
Cadbury Trebor Bassett
Dewhirst Corporate Clothing
Ellesse
Emmaus - Village Carlton
Greene King
ICAP
Mitre Sports International
New Balance Athletic Shoes
Pentland Brands plc
Provident Financial
QVC
Really Useful Group
Reebok
Sodexo
Toshiba Information Systems
Wensum

Office Supplies & Equipment

Barclays Bank
Corporate Express
Demco Worldwide
Esselte
Fellowes
Inoxcrom
Lloyds TSB
Newell
Rubbermaid
NRG Group UK
PFD
Polytime
Setten & Durward
Skills for Health
Staedtler
Vontobel

Toys, Educational Products & Books

Calder Colours
Capsticks
Colart Fine Art & Graphics
Early Learning Centre
Excel Airways
James Anglesea
Macmillan Cancer Support
Manhattan Toy
The Disney Store
WOW Toys

“The social and environmental benefits associated with an increase in product donation provide a powerful call to action. In Kind is one of the world’s leaders in this type of charitable support and we are proud to be partnering with them.”

Jonathan Moulds, President, EMEA and Asia, Bank of America

Donated Services

3i plc	CEVA	Lloyds TSB	Mr Peter Sissons
Addleshaw Goddard	Mr Christopher Chambers	Mishcon de Reya	Talk PR
Business in the Community	Consolidated	Pentland Brands plc	The Depot
Capital Investment Management Co	Ms Sue Dale	Procter & Gamble	The Walt Disney Company
Mr Tony Caplin	DHL	Ricoh	Withers & Rogers
	Ms Kathleen Duncan	Secure Trading	
	Dunnell Gillingwater	Serco	

Financial Supporters

(CS = Charitable Settlement, CT = Charitable Trust, CF = Charitable Foundation, F = Foundation)

3i plc	Florence Turner Trust	Pentland Brands plc	The Golden Bottle Trust
Abbey CT	Mr Philip Gibbs	Procter & Gamble	The John Pryor CT
Mr Eid Al-Rasheedi	Henderson Global	Randaltown	The Leslie Mary Carter CT
Andrew Bonar CT	Investors	RJ Harris CT	The Madeline Mabey Trust
Bank of America	Mr JP Hubble	RM Douglas CT	The Man Group CT
Mr Richard Barlow	Imperial Tobacco	Schroder Foundation	The Manifold Trust
Cecil Pilkington CT	Mr & Mrs JA Pye's CT	Sharegift	The Reuben Brothers F
Chapman CT	J R Corah Foundation	The Aaron D Sassoon CT	The Rowan CT
Charities Aid F	Fund	The Anthony Hart CT	The Sir Cliff Richard CT
Charles S French CT	Johnson Matthey	The Arnold Burton 1998 CT	The Sir James Knott Trust
CHK Charities Ltd	JP Morgan Cazenove	The Bank of New York	The SMB CT
Cobb Charity	Legal & General	The Beatrice Laing Trust	The Sobell Foundation
Mr Peter Davies	Lloyds TSB	The Bisgood CT	The Ursula Keyes Trust
Deloitte	Lloyds TSB Foundation	The Charles & Elsie Sykes Trust	The Walt Disney Company
Denton Wylde Sapte CT	– England & Wales	The Charles Irving CT	The Whitaker CT
East Midlands Development Agency	Maud Elkington CT	The Clore Duffield F	The Worshipful Company of Playing Cards
Esmée Fairbairn F	Morgan CF	The Coutts CT	Thomas Sivewright Catto CS
Fellowes	Oak Foundation		
	Ormsby CT		

“Kimberly-Clark is proud to have been regularly donating our products to In Kind since 1998. I would urge all my business peers to recognise the far-reaching impact of goods donations and to align strategically with In Kind by building a regular donation programme into their responsible business practices.” **Giles Turrell, President, Customer Development, Kimberly-Clark**

Vision Statement and Key Achievements

Vision Statement

To improve the lives of millions of people as the leader in the field of in-kind giving through matching surplus goods in business to the needs of our growing network of charity partners.

Mission

In Kind Direct significantly increases the flow of goods to UK charities, through effective, efficient re-distribution. We provide an excellent, responsive service to our charity partners, and through them help people in need both at home and abroad. We inspire growth in corporate giving, promote responsible business practices and divert usable goods from landfill.

Key Achievements 2007

- 1,372 charities in the network
- £8,464,622 worth of goods distributed
- Equivalent of 2,498 pallets of goods distributed

Achievements to end of 2007

- 4,175 charities helped
- £67,668,345 worth of goods donated for distribution

REACHING OUT TO THOSE IN NEED – THE MINNER-SCHIEDEMANN CHARITABLE TRUST

In Kind Direct has been working with The Minner-Scheidemann Charitable Trust for a year, since the charity responded to one of In Kind Direct's tenth anniversary activities. The Trust exists to provide goods and financial help to those in need in the Jewish community, both in the UK and Israel.

The Trust is a small charity set up to assist families who find themselves in precarious, disadvantaged situations, e.g. addiction, abuse, unemployment, family breakdown, illness etc. The goods are used in the UK and abroad. The Director wrote:



'In Kind Direct's quality products enables our charity's donations to be spread over a wider client base. It also has helped us make sure that any donations given to the families help them to get back on their feet and hopefully become self supporting.

'I thought you would like to see some of the thank you letters we receive:

"Let me thank you for your most kind donation of computer games. They will be distributed to the children receiving cancer treatment as inpatients and help to relieve some of the boredom as well as just generally cheer them up..."
Eli Seliger

"The parents on the Storybox Programme would like to take this opportunity to thank you for your kind donation of small plastic animals and puppets. These have been welcomed by the women on the programme and they have been able to use these for their children in their Storyboxes." Jan Miller'



Joint statement from the Chairman and Chief Executive

In 2007 In Kind Direct celebrated our tenth year of operations. The charity has come a long way in that time: by the end of 2007, over £67 million worth of goods had been donated for distribution to over 4,000 charities. Behind these figures lie many thousands of stories of how redistributed products have helped our charity partners better serve millions of people in need.

We celebrated this anniversary with a number of activities including a reception hosted by HRH The Prince of Wales to thank our generous goods donor companies and funders.

Our attention remains focused on providing the very best service for our charity partners. A major milestone was the launch of our online catalogue in April enabling charities to order the goods they and their beneficiaries need 24 hours a day, 7 days a week, without having to wait for the published monthly catalogue. The impact on operations has been dramatic. 90% of orders are now being placed online, which has led to cost savings and more efficient working.

2007 will be remembered as the year we laid the foundations for a sustainable future for the organisation. Having carried out a detailed strategic review our business model has been redesigned to enable us to grow effectively. Our main objective for the next three years is to work towards financial self-sustainability, reducing and then eliminating our reliance on external fundraising. We now have the building blocks in place to achieve this ambitious goal.

A key milestone has been the completion of a total review and redesign of our logistics, warehousing and supply chain from first principles. Our challenge now is to find a suitable solution that will enable us to implement our new logistics strategy.

Coupled with our move into e-commerce has been the decision to eliminate the registration fee for charity partners. This removed a barrier to charities signing up for our service and has already led to 1,000 additional charities joining in the first five months of 2008.

Of course, our work relies on the continued support of a growing network of goods donors to whom we extend our sincere gratitude. Kimberly-Clark, well known for manufacturing a product that few charities can do without, were recognised for their long-term support of In Kind with the Founders Award, presented to them by The Prince of Wales last summer.

Our main focus in the coming months is to ensure we continue increasing availability and quantity of the products our growing charity network needs. To achieve this we continue to build relationships and work more strategically with donor companies, highlighting how donating to In Kind Direct can help companies meet their social and environmental responsibilities, as well as providing a simple solution for surplus stock. More companies are taking part and learning about our work through a series of marketing and communications projects.

Our sincere thanks go to the funders who continue to show their confidence in our work and recognise the value we add to the voluntary sector. As we move towards financial sustainability, transitional funding from our investors remains essential.

Together with all our stakeholders we look forward to rising to the challenges of the coming months and continuing to grow and shape our role in building and strengthening the communities we serve.

Finally, we would like to extend our thanks to four outgoing members of the Board. David Thomas, Julia Cleverdon, Mike Fairey and Julia Hobsbawm have stepped down each having made enormous contributions to the success of In Kind Direct. We extend our heartfelt thanks on behalf of all of the Trustees and staff. Stephen Howard joins the Board as Julia Cleverdon's successor at Business in the Community, bringing a wealth of skills and experience which will prove immensely valuable.

Chris Hyman, Chairman
Robin Boles, Chief Executive

“Argos receives hundreds of requests from charities wanting donations of stock. By working with In Kind Direct at a national level, we know that our gift in-kind donations can help many more charities across the UK than we could possibly hope to manage.”

Lorna Liggett, Community Affairs Manager, Argos

Directors' report for the year ending 31 December 2007

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 2007.

Structure, governance and management

In Kind Direct was founded in 1996 by HRH The Prince of Wales. It is one of The Prince's Charities and is subject to operating guidelines laid down for The Prince's Charities, as well as to its own memorandum and articles of association.

There are nine trustees, who meet quarterly as a Board as does the Finance and Audit Committee. With the addition of the Chairman of the charity, that Committee also constitutes the Remuneration Committee. There is a Nominations Committee which meets as required, as does the Marketing Committee, which is constituted both of co-opted members and trustees.

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's Charities.

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/or Chairman as part of the induction process. Trustees are sent training updates as appropriate throughout the year. New trustees also 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. As such, the members/directors of the company are the serving trustees of the charity. When a term of appointment as trustee 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 ten full-time and two part-time staff.

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. Mitigation of risks is an ongoing task of the Senior Management Team, with changes reported to the Board at quarterly meetings.

Example risks identified include loss of infrastructure support, competition threatening the organisation's ability to secure donations, and operational and reputational risk surrounding potential misuse of donated products by charity partners. There are processes in place to mitigate these risks including a strategic approach to key relationships.

Objectives and activities

In Kind Direct redistributes new surplus goods donated by companies to UK charities, helping millions of people at home and abroad. Not only does this stretch charities' scarce resources, but it also reduces environmental damage and makes a real difference to the lives of people in need.

Every day in the UK a charity struggles to raise sufficient funds to purchase essential items to sustain their operations or give to the people they serve. At the same time, a UK manufacturer or retailer sends the same items to landfill, either deemed as surplus to requirement or not fit to retail as a result of a cosmetic flaw in the product or packaging.

In Kind Direct matches surplus to need, significantly increasing the flow of goods to UK charities, through effective, efficient re-distribution. We provide a single point of contact for donor companies, distributing their surplus products to many different charities and communities. Not only does this save storage and disposal costs for companies, but also helps them achieve their social and environmental objectives, promotes responsible business practice and diverts usable goods from landfill.

In Kind Direct's redistribution model demonstrates the highly practical way in which product donations can free up scarce cash resources to allow charities to do significantly more for the people they help.

Donated goods are sorted and made up into different pack sizes to suit the varying needs of our network of charity partners, by DHL, In Kind Direct's logistics partner, at their warehouse in Milton, Oxfordshire. Charities request goods via our online or monthly paper

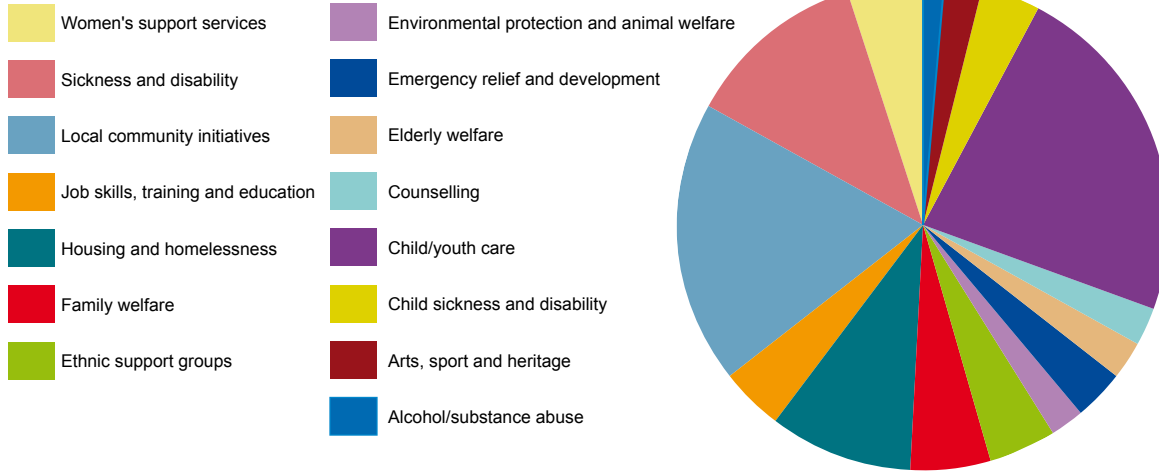


Fig 1 Charities by focus area

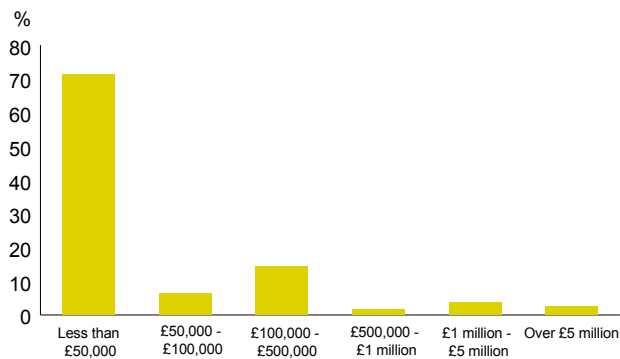


Fig 2 2007 charities by income band

1. Helping thousands more people in need across the UK, by growing the active charity partner network to 1,400

There were 1,372 partners in the charity network by 31 December 2007, an increase of 21% or 287 organisations. This was just short of our target of 1,400 organisations at year end. We aim to continue to increase the number in the network significantly, and to help achieve this, the annual registration fee was eliminated for online partners following a successful pilot project.

In Kind Direct provides charities with a unique service stretching their limited budgets and freeing up funds for other purposes. Over 70% of the organisations in the network have incomes of less than £50,000. Benefiting charities cover a wide variety of causes – see Fig 1. All charities benefiting are UK based, working at home or abroad.

In addition to its support to charities, another way In Kind Direct serves its charity partners is by matching UK Disney Stores to local charities through our Retail Donation Initiative. 31 charities now participate in this scheme, which enables groups to collect in-store surplus from their partner Disney Store, building mutually beneficial relationships between stores and charities.

In Kind Direct recognises the importance of providing public benefit through our network of charity partners.

catalogue and the orders are delivered to their doors. Charities 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.

Achievements and performance

2007 was In Kind Direct's tenth anniversary year. It was a time to celebrate the past and also a time to look to the future and shape where the charity is heading.

Activities focused on expanding In Kind Direct's network of charity partners, enhancing our service, and developing relationships with key external audiences.

Strategic Core Goals

The following section highlights the progress against key strategic objectives for the year:

Charities come from the whole of the UK and cover a wide range of size and type of organisation, serving all segments of the community. Charity partners are not allowed to charge beneficiaries for goods helping to ensure there is no discrimination against people in need.

2. Increase in volume of surplus goods distributed.

In 2007 we redistributed the equivalent of 2,498 pallets of goods, a 19% increase on 2006. The value of these goods was £8,464,622.

Charities have benefited from improved access to stock and different ranges, with In Kind Direct satisfying more of their needs. This has a corresponding benefit in that the greater the volume of goods distributed to charities, the less surplus stock goes to landfill.

This increase would not be possible without the support of existing and new donors. There were 28 new donor companies in 2007, covering sectors as diverse as household linen to toys.

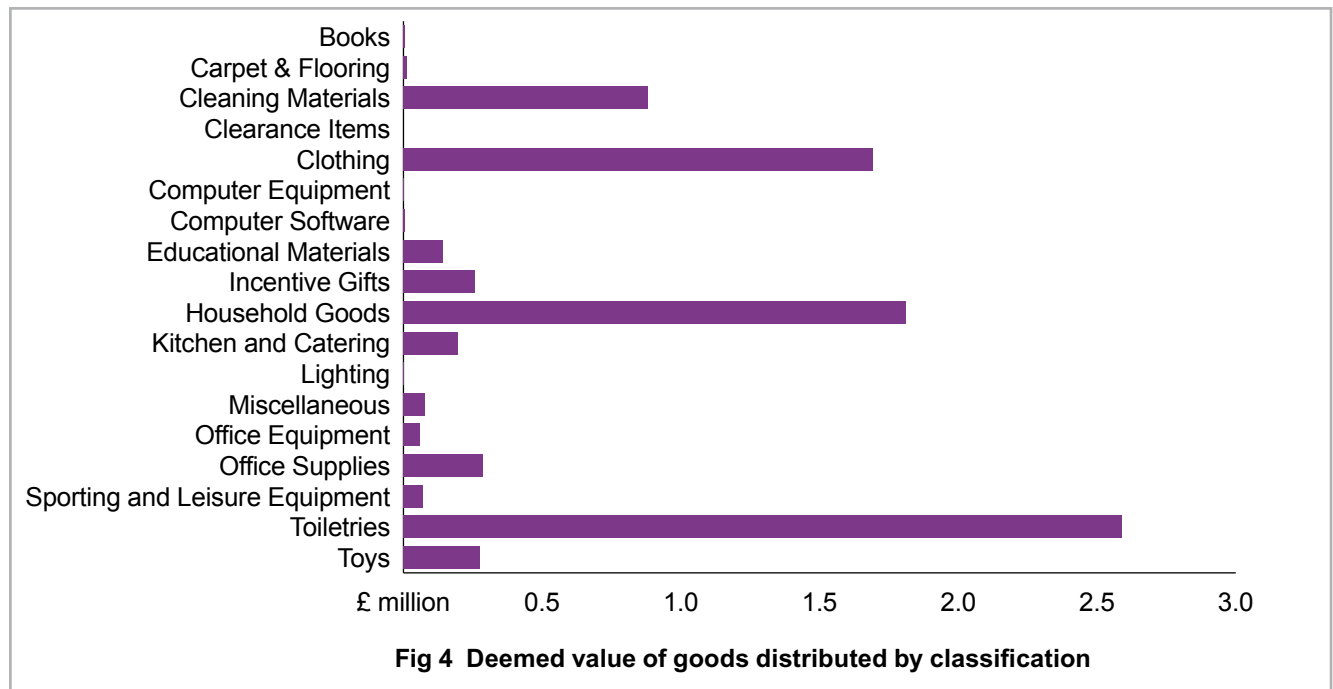
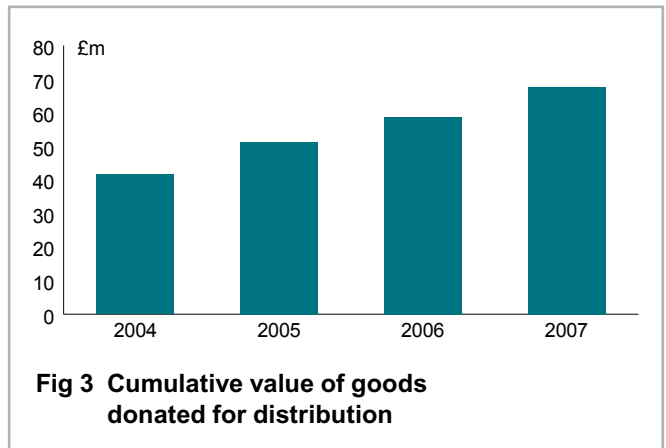
In 2007, In Kind Direct commissioned new economics foundation to conduct further research and a cost benefit analysis into the potential impact of a corporate tax incentive for product donations and whether this would result in companies changing their behaviour. A wide range of stakeholders was consulted and the report will be submitted to Government in 2008.

3. Securing future stability and sustainability

Key projects were undertaken to ensure In Kind Direct has a stable and sustainable future. The three projects were the development of an online catalogue, a total review of our logistics model, and development of a strategy to strengthen donor company relationships.

Online catalogue

Launching the online catalogue was a crucial project enabling In Kind Direct to offer goods in real-time to charity partners. Goods are now available to charities as soon as they are processed by the warehouse. Charities can order throughout the month, rather than having to wait to receive the monthly catalogue. Simultaneously a system was installed to help charity partners use internet



SUPPORTING COMMUNITIES - DUNGIVEN COMMUNITY RESOURCE CENTRE

Dungiven Community Resource Centre, recently merged with Glenshane Community Development, has been with In Kind Direct for nine years.

The Centre provides a range of services in the local community, including: advice and information on welfare benefits, help with housing problems, and consumer issues.

Mary Halsey comments: 'In a busy centre, such as ours, we find that In Kind Direct's products are invaluable in keeping us supplied with essentials such as toilet rolls, bin bags, kitchen rolls, cleaning products, washing powder/tablets etc. These help to ensure the smooth running of the Centre at a low cost.'

based telephony and a new messenger system. In Kind Direct now emails order confirmations, catalogue updates and other routine communications, thereby reducing our paper and postage costs.

Logistics

During the year an exercise was undertaken to challenge the efficiency, cost and desirability of our current logistics model. It was redesigned to better serve our charity partners and help In Kind Direct move towards financial sustainability. The model was redrawn in consultation with John Pattullo from CEVA, Sue Dale, and a team from DHL. The experience we have gained from The Community Warehouse, our retail partnership in Scotland, was also integrated into the process.

The new "pick and pack" logistics model will focus on giving charity partners the ability to select more goods in the exact quantities they require, rather than only being able to receive goods in pre-sorted and made-up packs.

The model will be implemented in 2009 once the move is completed to another warehouse with a reduced height and more floor space.

Donor relationships

In Kind Direct is working with companies to align strategically with us by building a regular donation

programme into their responsible business practices. This will ensure a consistent supply of essential goods is available to our charity network. This work was embodied by Kimberly-Clark, who were presented with the Founder's Award by HRH The Prince of Wales in 2007. Kimberly-Clark is committed to regular product donations for our charity partners, recognising the need for providing a consistent supply of essential products.

In sum, these achievements contribute to the long-term sustainability of In Kind Direct, safeguarding the quality service we provide.

Operational Objectives

Our strategic core goals were underpinned by several operational objectives:

■ Celebration of our Tenth Anniversary

A new corporate identity was created with a modern logo to mark the tenth anniversary.

HRH The Prince of Wales gave generously of his time hosting two events to thank donors and seek consensus on the best way forward to convince companies to donate their surplus products.

During our celebration year, we also involved over 270 staff members from Pentland Brands plc who walked 10km on 10th October to raise money for In Kind Direct. The walk raised awareness of our work with employees and reinforced with them the long-term generosity of Pentland Brands plc.

■ Initiation of research into the in-kind giving market

We commissioned research into the potential size of the in-kind giving market in the UK. The resulting report, *Time For Action*, focused on ten reasons why in-kind giving makes good business and environmental sense. The report highlighted the fact that the UK consumer goods sector produced £1.37bn worth of surplus products of which £800m is sent to landfill and external recycling.

■ Resource sharing agreement with other of The Prince's Charities

In Kind Direct gained a part-time HR manager through an agreement with eight other charities in The Prince's Charities group. This resource has allowed us to revisit our staff development programme, and update policies, procedures and recruitment processes.

■ Embedded and further developed integrated business planning and performance

CHANGING LIVES - SUNFIELD

Sunfield provides education and 52 week residential care for children aged between 6 and 19 who have severe complex learning difficulties, many arising from autistic spectrum disorder. The charity was established in 1930 and is located in Clent, Stourbridge, West Midlands.

'Sunfield became an In Kind Direct partner after a conversation with a colleague from another charity which had already benefited greatly from In Kind Direct; its impact at Sunfield has been immense. We receive regular deliveries of everything from shampoo and washing powder to toasters and kettles. These donations not only have great cost saving implications, but also make a huge difference to the lives of our children here at Sunfield.' Nicola Brookes, Sunfield

management framework, to include three-year strategic and operational plans.

An ambitious three-year strategic plan was developed in 2007, building on previous work staff had undertaken. Budgeted costs and staff numbers were reduced. In Kind Direct now has costed and strategically credible plans to be financially self-sustainable by 2011.

Key lessons learned

Increased accessibility for charity partners

In 2007 In Kind Direct piloted offering free registration to charities to join the network. This removed a barrier to joining for many organisations and means that more charities can benefit from the work In Kind Direct does, helping more people in need. At the same time, having a reduced cost base means that when charities order, the handling charge they pay for our service covers logistics costs and makes a contribution to overheads. Increased volume not only translates to satisfying more need, it is the key to In Kind Direct achieving financial self-sustainability.

Environmental policy

We recognise that our business activities have direct and indirect impacts on the environment and, as one of The Prince's Charities, we endeavour to manage these in a responsible manner. We are committed to continuous

improvement in reducing our carbon footprint and encouraging our business partners and members of the wider community, of which we are part, to minimise their negative impact on the environment.

Financial review

During 2007, In Kind Direct's logistics operations generated registration fees of £39,274 (2006: £40,302) and handling charge income of £548,429 (2006: £374,200). Towards the end of the year, In Kind Direct implemented a three-year plan for its logistics operations to generate a larger contribution towards overheads. Part of this plan included removal of the £50 inc. VAT annual registration fee for charities only using the online catalogue. Subsequently the number of charities joining In Kind Direct has increased beyond expectation in the first quarter of 2008, generating record handling charge income.

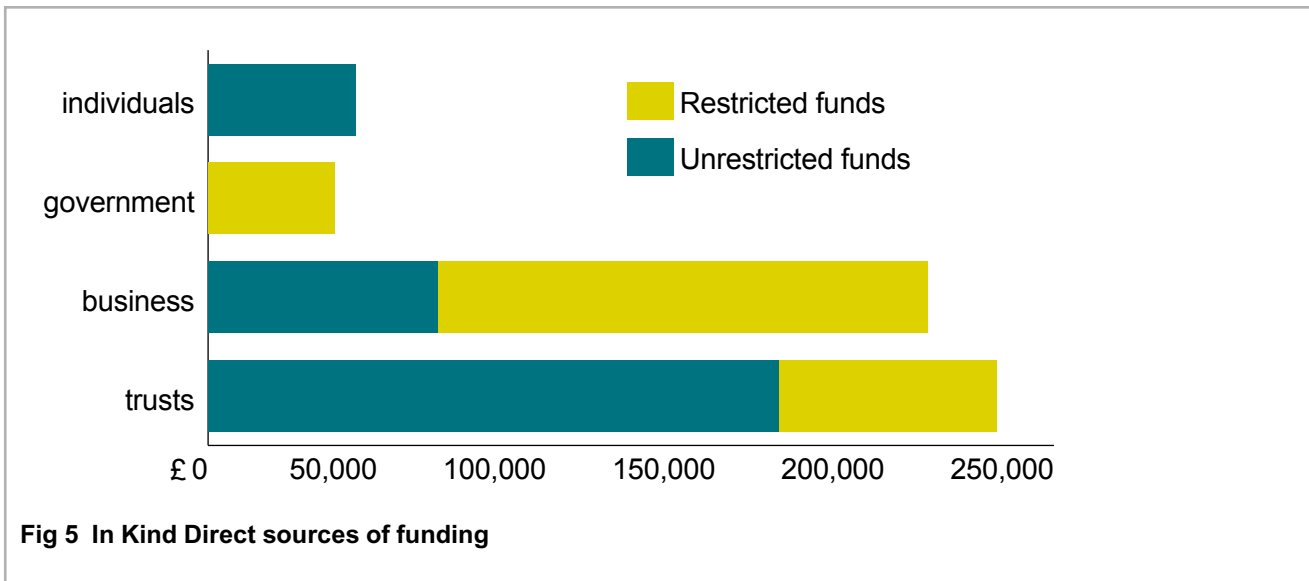
In Kind Direct's expenditure during 2007 supported the charity's objectives. £8,464,622 of expenditure related to the value of the goods distributed to our charity partners. A further £1,184,358 related to the costs of our logistics operation; the costs of maintaining our online ordering system; and the costs of In Kind Direct employees engaged in sourcing goods and servicing charity partners, as well as goods distribution.

The long-term financial sustainability of the charity has been reassessed by the Board of Trustees and the charity's senior management team. This led to the establishment of a new business model at the end of 2007. By building the network to a larger scale, and through increased product donations, the financial contribution achieved from the charity's logistics operation will grow and thus reduce the need to cover operational expenditure through fundraising activities.

Funding our activities

Once again, we must give special thanks to Lloyds TSB, our most generous supporter. Lloyds TSB provides In Kind Direct with office space and many services. Our unbounded gratitude goes to everyone who makes this possible.

£526,683 of funding was received by In Kind Direct during 2007, of which £280,342 was unrestricted and £246,342 was restricted. Charitable trusts and foundations continued to provide a significant proportion of In Kind Direct's funding. They accounted for 44%, whilst the contribution from the corporate sector grew further from 29% in 2006 to 44%. Long-time



champion of In Kind Direct's work, Esmée Fairbairn Foundation, provided the final instalment of a three-year grant, a further £20,000 towards transitional costs and a new three year grant was obtained from the Clore Duffield Foundation to provide 50 new charity partners with £100 vouchers, with £32,500 received as the first instalment. In the business arena, Bank of America's continued funding of our research was vitally important for allowing us to move to the next stage of goods donor development, whilst Procter & Gamble generously donated £25,000 towards sponsorship of our website development. Financial supporters who continue to show confidence in our work year after year included 3i plc, Abbey Charitable Trust, The Beatrice Laing Trust, East Midlands Development Agency, The Madeline Mabey Trust, Pentland Brands plc, and The Walt Disney Company.

During 2007 net operational expenditure decreased by £169,930 so that the final unrestricted funding requirement was reduced to £537,584. We received unrestricted grants and donations of £280,342, whilst £214,841 was released from restricted reserves. This provided total unrestricted funding of £495,183 which led to a shortfall of £42,401 (7.9%) against the 2007 funding requirement.

Reserves policy

In 2008, the Board's review of the reserves policy concluded that the charity should aim to achieve reserves equivalent to three months' operational expenditure until such time that the charity reaches financial sustainability. The longer term aspiration of the

Board is that the charity achieves reserves representing six months' expenditure. The plan to achieve this is in place through increasing operational income generated by the substantial growth in our charity partner network and the volume of products re-distributed to them while at the same time strictly controlling operational costs.

Review of the reserves of the charity encompassed the nature of the income and expenditure streams, the need to match variable income with fixed commitments and the nature of the reserves. Reserves are represented by a combination of unrestricted funds and certain restricted funds which release over time into the unrestricted fund. At 31 December 2007 this figure was calculated as £97,132 comprising £84,332 of unrestricted funds and £12,800 from restricted funds which equates to seven weeks' of operating costs and represents a decrease of £38,445 compared to the previous year.

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. The remaining donated shares held by the charity were sold in February 2007 once the sale restriction was lifted. They realised net proceeds of £2,215.

Plans for the future

In 2007 In Kind Direct put in place an ambitious plan to increase the scale and sustainability of our work and help millions more people in need.

By 2011, we intend to treble the number of charities we work with and the volume of goods redistributed. By increasing the scale of our operation we will become financially self-sustainable, earning a greater proportion of our costs from operations and reducing our reliance on external funding over the next three years.

To make progress towards this goal, the organisation has set in place four strategic aims for 2008. These aims, along with our key objectives and initiatives are set out in the table below:

Strategic Aim

Development of registered and active charity database

Key measures

Minimum of 1,852 live charity partners in the network
65% of network order during the year

Increasing the flow of right products

Key measures

Increase volume of product distributed by 35% on 2007

Efficiency and flexibility of logistics

Key measures

Secure agreement with a logistics provider for a new site and pick and pack system
Increase efficiency of logistics

Targeted fundraising strategy

Key measures

Raise sufficient income to deliver In Kind Direct's work, and fulfil the reserves policy

Objectives and Plans

- Conversion of all charities to using online service via contact on renewal
 - Development of case studies for use in charity and donor marketing through visits to top 20 ordering charities
 - Research on charity proportion of spend
 - Refresh website
-
- Implement goods donor ambassador plan
 - Begin intermediaries initiatives – working with corporate responsibility brokers & Trade Associations
 - Bi-monthly donor e-newsletter
 - Donor extranet project
-
- Finalise strategic partnership with logistics supplier
 - Develop and test pick and pack strategy
 - Review IT links to and within warehouse systems
-
- Rolling programme of trust, individual and company applications to meet reserves target then transitional funding for 2009 and 2010

Directors and trustees

The directors and trustees of In Kind Direct during the year and as at the time the accounts were approved were as follows:

Christopher Hyman (Chairman)

David Thomas CBE (former Chairman)

Resigned 2 July 2007

J. Michael Blackburn (Deputy Chairman)

Dame Julia Cleverdon CVO CBE

Resigned 20 March 2008

Michael Fairey

Resigned 30 June 2008

Julia Hobsbawm

Resigned 26 September 2007

Stephen Howard

Date of appointment 20 March 2008

Allison Kirkby

Nigel Palmer

John Pattullo

Cindy Rose

Andrew Rubin

Sir Tom Shebbeare KCVO CBE

Changes in fixed assets

No capital expenditure was incurred during 2007.

Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the resources received and expended by the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgments and estimates have been made in the preparation of the financial statements for the period ended 31 December 2007. The directors also confirm that applicable accounting standards have been followed and that the financial statements

have been prepared on the going concern basis. The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditors are unaware: and
- each of the directors has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Related Parties

Two of In Kind Direct's trustees were or are employed by companies with which In Kind Direct has commercial relationships. These are detailed in Note 17, page 29, to these accounts. In addition, a further two trustees of In Kind Direct were employed as Chief Executive / Director of two other organisations forming part of The Prince's Charities.

By order of the Board



Allison Kirkby

7 August 2008

Independent Auditors' report to the members of In Kind Direct

We have audited the financial statements of In Kind Direct for the year ended 31st December 2007 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The responsibilities of the trustees (who are also the directors of In Kind Direct for the purposes of company law) for preparing the Annual Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Trustees' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and other transactions is not disclosed.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31st December 2007 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Trustees' Report is consistent with the financial statements.



Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London, United Kingdom

Statement of Financial Activities for the year ended 31 December 2007

	Notes	Unrestricted Funds £	Restricted Funds £	Totals 2007 £	Totals 2006 £
INCOMING RESOURCES					
Incoming Resources from generated funds					
Value of donated goods distributed	3	5,987,454	2,477,168	8,464,622	9,219,016
Other voluntary income	2	280,342	246,342	526,683	586,087
Donated goods & services for own use	3	216,241	-	216,241	210,814
Investment income	5	19,336	-	19,336	23,843
Incoming resources from charitable activities					
Registration fees	4	39,274	-	39,274	40,302
Handling charges	4	548,429	-	548,429	374,200
Total incoming resources excluding value of donated goods distributed		1,103,622	246,342	1,349,964	1,235,246
Total incoming resources		7,091,076	2,723,510	9,814,586	10,454,262
RESOURCES EXPENDED					
Costs of Generating Funds	6	86,279	24,514	110,793	144,598
Cost of Charitable activities					
Distribution of donated goods	6	5,987,454	2,477,168	8,464,622	9,219,016
Other Charitable Costs	6	958,501	225,857	1,184,358	1,141,215
Total Cost of Charitable Activities		6,945,955	2,703,025	9,648,980	10,360,231
Governance Costs	6	71,648	16,633	88,281	106,786
		71,648	16,633	88,281	106,786
Total resources expended	6	7,103,882	2,744,173	9,848,054	10,611,615
Net Expenditure for the Year		(12,806)	(20,663)	(33,468)	(157,353)
Other Recognised Gains/Losses					
Net gain/(loss) on investment assets	11	25	-	25	(10,044)
Net Movement in funds		(12,781)	(20,663)	(33,443)	(167,397)
Funds brought forward at 1 January		97,112	38,463	135,575	302,972
Funds carried forward at 31 December	14	84,332	17,800	102,132	135,575

The financial activities above relate wholly to the continuing activities of In Kind Direct. The notes on pages 20 to 29 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 2007

	Notes	Unrestricted Funds	Restricted Funds	Total 2007	Total 2006
		£	£	£	£
Fixed assets					
Tangible assets	10	-	-	-	-
Investments	11	-	-	-	2,250
Current assets					
Debtors	12	21,233	-	21,233	16,998
Cash at bank and in hand		161,970	58,700	220,670	234,758
		183,203	58,700	241,903	251,756
Creditors: amounts falling due within one year	13	(98,872)	(40,900)	(139,772)	(118,430)
Net current assets		84,332	17,800	102,132	133,326
Total assets less current liabilities		84,332	17,800	102,132	135,575
Funds					
Balance at 1 January		97,112	38,463	135,575	302,972
Movement in Funds		(12,781)	(20,663)	(33,444)	(167,397)
Balance at 31 December	14	84,332	17,800	102,132	135,575

The financial statements were approved by the directors on 7 August 2008 and were signed on its behalf by:

Allison Kirkby
Director and Trustee



The notes on pages 20 to 29 form part of these financial statements.

Notes to the Financial Statements – year ended 31 December 2007

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. As a result of the implementation of SORP 2005, certain comparative figures have been restated. There is no effect on total funds or net incoming resources.

Fund Accounting

Unrestricted funds include 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 computer software is written off over two 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

In Kind Direct qualifies as a small company under the terms of section 247 of the Companies Act 1985. As a consequence it is exempt from the requirement to publish 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 the governance arrangement of the charity.

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 2-5

2. Voluntary Income	Restricted Funds	Unrestricted Funds	Total 2007	Total 2006
Charitable Trusts	64,170	168,908	233,078	376,350
Business	144,672	67,952	212,624	170,977
Government	37,500	-	37,500	37,500
Individuals	-	43,482	43,482	1,260
	246,342	280,342	526,683	586,087

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 2007	Total 2006
	£	£	£	£
Value of donated goods distributed	2,477,168	5,987,454	8,464,622	9,219,016
Services donated for own use	-	216,241	216,241	210,814
	2,477,168	6,203,695	8,680,863	9,429,830

4. Incoming resources from charitable activities

	Unrestricted Funds	Total 2007	Total 2006
	£	£	£
Registration fees	39,274	39,274	40,302
Handling charges	548,429	548,429	374,200
	587,703	587,703	414,502

5. Investment Income	Unrestricted Funds	Total 2007	Total 2006
	£	£	£
Bank Interest received	3,966	3,966	1,995
Investment Income received	5,144	5,144	4,521
Miscellaneous Income	10,226	10,226	17,327
	19,336	19,336	23,843

notes 6-7

6. Total Resources Expended

	Direct cost	Support cost	Total 2007	Total 2006
	£	£	£	£
Cost of Charitable Activities				
Distribution of donated goods	9,028,146	579,934	9,608,080	10,301,431
Research project	40,900	-	40,900	58,800
Cost of Generating Funds				
Fundraising activities	20,407	90,386	110,793	144,598
Governance Cost	13,230	75,051	88,281	106,786
Total Resources Expended	9,102,683	745,371	9,848,054	10,611,615

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	Governance Costs	Total 2007	Total 2006 (restated)
	£	£	£	£	£
Management/Other	231,367	62,775	29,742	323,883	386,138
Finance & IT	146,449	2,064	22,985	171,499	156,247
Logistics	17,540	-	2,779	20,319	2,400
Charities	14,341	-	2,755	17,096	2,379
Fundraising	825	3,092	1,555	5,470	1,210
Premises	169,414	22,454	15,235	207,103	207,194
	579,934	90,386	75,051	745,371	755,567

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

The cost allocation includes an element of judgment and the charity has had to consider the cost benefit of detailed calculations and record keeping. Therefore, the support costs shown are a best estimate of the costs that have been so allocated.

notes 8-9

8. Employees

Staff costs comprise:	Total 2007	Total 2006
	£	£
Salaries and wages	509,733	538,625
Social security costs	57,954	60,343
Other pension costs	33,932	35,661
	601,619	634,629

The average number of employees, analysed by function, was:

	2007	2006
Distribution of donated goods	12	14
Generating funds	1	1
Governance	1	1

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

* £100,000 - under £110,000	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 £33,932 (2006: £35,661) were paid during the year to this scheme including £11,444 (2006 : £11,057) in respect of the highest paid member.

The trustees did not receive remuneration for their services to the company during the period (2006: £nil). Expenses incurred by the directors were not reimbursed by the company.

In Kind Direct purchased insurance, at a cost of £788 (2006: £788), 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.

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

	2007	2006
Auditor remuneration - audit fee	13,000	10,500
Operating Lease payments - other	4,027	4,027
Depreciation charge	-	4,527

notes 10-12

10. Tangible Fixed Assets

	Unrestricted Funds	Restricted Funds	Total 2007	Total 2006
	£	£	£	£
Computer Equipment -				
Cost as at 1 January 2007	-	30,085	30,085	30,085
Additions during year	-	-	-	-
Cost as at 31 December 2007	-	30,085	30,085	30,085
Depreciation as at 1 January 2007	-	(30,085)	(30,085)	(25,558)
Charge for year	-	-	-	(4,527)
Depreciation as at 31 December 2007	-	(30,085)	(30,085)	(30,085)
Net book value as at 1 January 2007	-	-	-	4,527
Net book value as at 31 December 2007	-	-	-	-

11. Investment

	Unrestricted Funds	Restricted Funds	Total 2007	Total 2006
	£	£	£	£
Shares	2,250	-	2,250	42,740
Additions	-	-	-	-
Less: Disposal proceeds	(2,275)	-	(2,275)	(30,446)
Revaluation losses	-	-	-	(19,250)
Recognised profit/(loss) on sale of investment	25	-	25	9,206
Market value at 31 December 2007	-	-	-	2,250

Historical value at 31 December 2007

- 21,500

Shares donated with restriction on time of sale.

12. Debtors

	Unrestricted Funds	Restricted Funds	2007	2006
	£	£	£	£
Prepayments	9,325	-	9,325	8,827
Taxation and social security	6,222	-	6,222	2,493
Other debtors	5,687	-	5,687	5,678
	21,233	-	21,233	16,998

notes 13-14

13. Creditors: amounts falling due within one year

	Unrestricted Funds	Restricted Funds	Total 2007	Total 2006
	£	£	£	£
Trade creditors	(63,357)	(21,000)	(84,357)	(53,357)
Accruals	(20,144)	(19,900)	(40,044)	(31,104)
Registration fees in advance	(243)	-	(243)	(1,469)
Taxation and social security	(15,128)	-	(15,128)	(32,500)
	(98,872)	(40,900)	(139,772)	(118,430)

14. Restricted Funds

	Balance at 1 Jan 2007	Transfers between funds	Movement in Resources		Balance at 31 Dec 2007
	£	£	Incoming Grants £	Expendi- ture £	£
1 Baily Thomas Charitable Fund	-	150	-	(150)	-
2 Big Lottery Fund	-	1,450	-	(1,450)	-
3 BitC /Yorkshire Forward	-	175	-	(175)	-
4 Centrica	588	75	-	(663)	-
5 City Parochial Foundation	-	1,250	-	(1,250)	-
6 Anonymous	88	-	-	(88)	-
7 East Midlands Development Agency	-	275	37,500	(36,800)	975
8 Enkalon Foundation	-	25	-	(25)	-
9 Esmee Fairbairn Foundation - ENV	-	75	-	(75)	-
10 Esmee Fairbairn Foundation - SOC	-	4,300	20,000	(23,100)	1,200
11 Laura Ashley	263	(150)	-	(38)	75
12 Lloyds TSB Foundation: East Midland	-	100	-	(100)	-
13 Lloyds TSB Foundation: North East	-	75	-	(75)	-
14 Lloyds TSB Foundation: North West	-	100	-	(100)	-
15 Lloyds TSB Foundation: South East	263	675	-	(938)	-
16 Lloyds TSB Foundation: West Midlands	88	450	-	(538)	-
17 Lloyds TSB Foundation: Northern Ireland	613	75	-	(388)	300
18 Lloyds TSB Foundation: Scotland	263	25	-	(288)	-
19 London Development Agency	-	2,100	-	(2,100)	-
20 Mercers Company	-	550	-	(550)	-
21 Sir James Knott Trust	-	75	-	(75)	-

notes 14

22	St James' Trust	-	75	-	(75)	-
23	The Baring Foundation	-	50	-	(50)	-
24	The Leigh Trust	-	75	-	(75)	-
25	Wessex Youth Trust	-	200	-	(200)	-
26	Clore Duffield	-	(1,100)	32,500	(31,400)	-
27	BMW UK	5,000	-	-	-	5,000
28	Anonymous	8,500	-	5,000	(8,500)	5,000
29	Pentland Brands plc	6,400	-	-	(6,400)	-
30	Bank of America	-	-	81,694	(81,694)	-
31	Bank of New York	-	-	17,978	(17,978)	-
32	Charities Aid Foundation	-	-	6,670	(6,670)	-
33	Lloyds TSB	-	-	20,000	(20,000)	-
34	Procter & Gamble	-	-	25,000	(25,000)	-
35	Discount vouchers issued but unused	16,400	(11,150)	-	-	5,250
36	Value of goods distributed	-	-	2,477,168	(2,477,168)	-
Total Restricted Funds		38,464	-	2,723,510	(2,744,173)	17,800

Details

- 1) Funds (1) to (26) are for the purpose of enabling charities in a particular sector or geographical location to benefit from the In Kind Direct service.
- 26) Benefit is generally given by subsidising the registration fees and handling charges of individual charities.
- 27) Fund (27) relates to prior year funds to be spent in respect of promotional materials.
- 28) Funds contributed to the development of the e-commerce IT system.
- 29) Funds contributed in respect of marketing activities.
- 30) Funds contributed in respect of a tax incentives for in-kind giving research project.
- 31) Funds contributed in respect of In Kind Direct's tenth anniversary event.
- 32) Funds contributed in respect of consultancy costs for development of a new strategy.
- 33) Funds contributed towards the salary of an interim CEO.
- 34) Funds contributed towards development of In Kind Direct's website.
- 35) This represents vouchers issued to charities but unspent as at 31 December 2007. The transfer of £11,150 between funds relates to the net movement in the unused voucher balance across 2007. This includes £7,000 of unused vouchers that were written off.
- 36) These are goods which the donor company has specified must go overseas.

notes 15-16

15. Donation of services for own use

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:

	2007	2006
	£	£
Office accommodation, printing & postage charges (Lloyds TSB)	207,103	207,193
Employee secondment for Charity Begins At Work campaign (Lloyds TSB Bank plc)	7,931	-
Employee secondment for Chief Operating Officer Role (Serco Group plc)	1,207	3,620
	216,241	210,813

16. Obligation under operating lease

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

Length of lease remaining	Other	Total 2007	Total 2,006
	£	£	£
Less than 1 year	2,014	2,014	-
2-5 years	-	-	4,027
	2,014	2,014	4,027

Lease payments of £4,027 (2006: £4,027) were charged to the Statement of Financial Activities during the year.

notes 17-18

17. Related party transactions

Nigel Palmer, a director and trustee of In Kind Direct, is Managing Director of NRG Group.

During 2007, NRG Gestetner donated 22 (2006: 26) refurbished photocopiers and was paid £375 (2006: £1,425) to cover the costs of delivery. No balance was outstanding at year end and all transactions were carried out at arm's length.

John Pattullo, a director and trustee of In Kind Direct, was Chief Operating Officer of DHL/Exel Supply Chain for Europe/Middle East/Africa region until August 2007.

During 2007, DHL provided warehousing and delivery services to In Kind Direct and charged £294,118 (2006: £258,959) for this work. £33,246 (2006: £22,283) was outstanding at year end, and all transactions were carried out at arm's length.

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. Dame Julia Cleverdon, formerly Chief Executive of Business in the Community, another of The Prince's Charities was a trustee of In Kind Direct until 20 March 2008. The new Chief Executive of Business in the Community, Stephen Howard, became a trustee of In Kind Direct on 20 March 2008.

Sir Tom Shebbeare, Director of Charities to TRH The Prince of Wales and The Duchess of Cornwall, is also a trustee of In Kind Direct.

18. Capital commitments

There were no contractual obligations to purchase items of capital expenditure at 31 December 2007 (2006: Nil).