



IN KIND DIRECT
(a company limited by guarantee)

Trustee Report and Financial Statements
for the year ended 31 December 2021

Registered Company no: 03155226

Registered Charity no: 1052679

Report and Financial Statements

for the year ended 31 December 2021

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REFERENCE AND ADMINISTRATIVE DETAILS

Directors and Trustees

Teresa Tideman (Chair)
Ajay Kavan (Deputy Chair)
Scott Barton
Graham BurrIDGE
Barry Furlong
Tim Hinton
Graham Inglis
Tom Moody
Martin Newman
Andrew Rubin
Debra Allcock Tyler
Richard Wolff
Ayesha Farooq
Alec Grant
Chirag Patel

Chief Executive

Rosanne Gray

Independent Auditor

Haysmacintyre LLP
10 Queen Street Place
London
EC4R 1AG

Bankers

Lloyds Banking Group
109 Finsbury Pavement
London
EC2A 1LB

Status

In Kind Direct is:

- ◆ a company limited by guarantee, number 03155226.
- ◆ a charity registered in the United Kingdom, number 1052679.

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

Supporters

In Kind Direct gratefully acknowledges support in 2021 from many individuals and organisations by way of encouragement, donated goods or services and funding. This support is provided by the people and organisations listed below, as well as those who wish to remain anonymous:

Our Patrons

In Kind Direct's Patrons are a group of like-minded individuals and organisations who understand and recognise the unique impact that In Kind Direct's work has in communities.

Our Patrons' generosity is absolutely core to what we do. They have been instrumental in helping us respond to the particular challenges of the ongoing Covid-19 pandemic and helped us to sustain our service and increase our impact.

Without their support, our work would simply not be possible. We thank all those who have supported us in the year, including those named in this report.

The Investors' Circle:

Lloyds Banking Group

Nutt, Mr & Mrs Anthony & Eleanor

Diamond Patrons:

Amazon UK

Patrons:

Acheson, Mr & Mrs Kenneth & Fiona

Santander

Other Financial Supporters

Amazon Smile
Barclays 100x100 UK COVID-19
Community Relief Fund
Essity TORK
Henkel
Lally, Tina
Lovat Parks
Primark
The 29th May 1961 Charitable Trust
The Cecil Pilkington Charitable Trust
The JR Corah Foundation Trust
The Warwick Trust

The Haremead Trust
The Marsh Charitable Trust
The Morgan Charitable Trust
Sassoli, Danielle
The Simon Gibson Charitable Trust
The Sir James Knott Trust
The Sobell Foundation
Tideman, Mrs Teresa

Donated Services

Abamentis
Amazon Web Services
Aspinall, Mark
Directory of Social Change
Google
Javelin
Lloyds Banking Group

Microsoft
Pentland Brands
Procter & Gamble
Santander
The Customer First Group
Voipfone

Donated goods:

Household

Balsam Brands
Beauty Kitchen
Beiersdorf UK
BAPS UK
Bulldog Natural Skincare
Charles Worthington
Chemiteq
Church & Dwight
Colgate Palmolive
Consuma Paper Products
Contis
Danidean Holdings
DHL
Duracell UK
Dynamic Wipe Industries
Ecotone
Escentual
Essity
Essity - Bodyform
Essity (formerly SCA Tissue)
Estée Lauder
Evo Lifestyle Products
Faith in Nature
Genesis Biosciences
Henkel
Johnson & Johnson
Kimberly-Clark
Kimberly-Clark Professional
Lil-lets Group
L'Oreal
Mama Bamboo
McBride
Modibodi
Naked Sprout
Rowan International
Sanxiderm
SC Johnson
Sodexo
Sykes Global Services
Tangle Teezer
TCC Global
Thornton & Ross
Trendsetter Home Furnishings
Unilever UK
Vi-Spring
V-TAC Exports

Household appliances, Tools & Electronics

Philips Electronics UK
Prêt à Pousser
Samsung Electronics

General Retail

Amazon.co.uk
ASDA Stores
Banner UK
John Lewis & Partners
M&S
Tesco
Very Group
Zebra A/S - Flying Tiger Copenhagen
Zenith Hygiene

Toys, Baby & Educational

Big Game Hunters
Big Potato Games
Cath Kidston
Character Group
Colart
Genie Toys
H and A
Hasbro
Lapland UK
Learning Resources
LEGO
Little Adventures
Meri
Michael O'Mara
Micro Scooters
The Den Kit Company
The Disney Store
Usborne Publishing
Winning Moves
World of Books
WOW Toys

Work & Office

Martha Brook
Newell Brands
PG Paper Company
Premier Paper Group
Ricoh

Clothing, Footwear & Sports

Babcock
Beano Studios
Brand Addition
Decathlon UK Ltd
Esska Shoes
Lacoste
Levi Strauss (UK)
London Marathon Events
Nike UK
Outsourced Events
Pantherella
Pentland Brands plc
Petit Bateau UK
Primark
Reydon Sports

Samba Sports
Shush Sports
Vans Europe
William Lamb Group

Kitchen, Ambient & Pet Food

Bidfood
Costa Coffee
Exclusively Housewares (Event)
Greene King
Hill's Pet Nutrition
JUST Water
Lindt & Sprungli (UK)
Meyer Group
Pladis Global
The Waiter's Friend Company

Our Purpose

Creating powerful partnerships, enabling more communities to thrive.

Our Belief

Everyone deserves access to life's essentials, and no usable product should go to waste. Product giving is a practical way to address the widening gap in need across society.

Our Values

Kindness

It's in our name. We are compassionate and always working for the greatest good to increase equity and justice.

Togetherness

Positive change in society is not the job of one individual, group, or organisation. Our impact is greatest when we collaborate, act as one and all move forward together.

Integrity

How things are done is as impactful as what is done. We are open, accountable, and transparent and always strive to do the right thing.

Innovation

Just as our founder challenged the status quo, we are always looking to evolve and improve. Our curiosity, creativity and resilience enable us to think big and adapt at pace.

Since 1996

£297 million at retail value of products distributed to charitable organisations.
11,655 charitable organisations have benefited from accessing our service.

2025 Ambition

We will triple our impact to help ensure everyone can feel clean, safe and well, and to reduce the number of people forced to choose whether to heat, eat, or be clean.

Our 2025 Impact



WE SUPPORTED OVER 249,000 PEOPLE EVERY WEEK

Trustees' report for the year ended 31 December 2021

The Trustees, who are also the directors of the charity for the purposes of the Companies Act, present their annual report and audited financial statements for the year ended 31 December 2021.

Public benefit, objectives and activities

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

The charity's objects are as follows:

- 1) to apply funds or make donations to or for such charitable institution or institutions or for such charitable purposes as the Trustees shall decide, in particular, but without limitation, by the distribution of donated goods;
- 2) to encourage environmentally efficient, sustainable waste management and recycling practices through the advancement of education by the collection and dissemination of information and/or the promotion of research and/or development relating to waste management and recycling.

In Kind Direct distributes products donated by companies to UK charitable organisations working in the UK and overseas. Founded in 1996 by HRH The Prince of Wales, we offer a simple solution to connect companies and their products to thousands of charities, community groups, foodbanks and schools supporting our communities.

In Kind Direct makes it easy for companies and brands to have a positive social impact with the products they make and sell. We have the logistics infrastructure and expertise to store and handle large and varied quantities of stock and distribute it to charitable organisations. We inspire confidence in companies to donate, by working with charitable organisations in our network to ensure the most needed products reach the communities that need them.

We enable charitable organisations to do more for less and put their local knowledge at the heart of our work. Charitable organisations register for free, and request goods via our online catalogue. They pay a small charge for products, which includes UK delivery. This contributes to our operational costs and protects companies from incurring VAT on their product donations.

The result is an efficient, practical solution which diverts usable goods from going to waste and unlocks huge additional resource into the sector. In 2021, we unlocked £27m in savings and reached 249,000 people each week. Charitable organisations in our network used these savings to cover core costs, deliver new services, and reaching those they otherwise could not during the Covid-19 pandemic.

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

So far, we have distributed £297m of essential products, supporting 11,655 charitable organisations and millions of people, and diverting 32,700 tonnes of usable goods from waste.

The Trustees have identified the following public benefits flow from the charity's objects and activities:

- **Unlocking savings for charitable organisations:** Our service means partners can secure the goods they need for a fraction of the usual cost, freeing up valuable funds and enabling the delivery of new and enhanced services. Most of the charities we support are small, local organisations with limited resources. Almost 60% of the charities in our network have an income of less than £100k per year. 98% of the charities using our service say we save them money.
- **Helping charitable organisations improve and extend their services:** By opening up access to high quality products for those with limited budgets, we enable charitable organisations to improve the services they offer, do more for their beneficiaries and provide for people they may not otherwise reach.
- **Relieving hardship, building confidence, self-esteem and bringing joy:** The products we distribute are helping to mitigate poverty and hardship in some of the most disadvantaged communities across the UK. With high quality products, charities can provide essential practical support, restore dignity and self-esteem to people in crisis as longer-term solutions are put in place.
- **Reducing waste and environmental damage:** Providing companies with a practical and secure way to donate usable product reduces external recycling and landfill, enables a more circular economy of resource use and supports their social responsibility goals.

Achievements and performance 2021

2021 was the first year of our five-year strategy. Our ambition is to triple our impact by 2025 and place the needs of the communities we support at the heart of our approach. By taking a campaign-based approach this year, the charity was able to provide a consistent supply of core essentials, as well as specific products at the right time for communities across the year.

Covid-19 Pandemic Response

In Kind Direct's work in the year continued to be driven by our response to the Covid-19 pandemic. 2021 was focussed on embedding new learnings, continuing to provide a high level of support, and creating our 2025 strategy. We maintained the record impact achieved in 2020 and increased the number of people supported each week. In recognition of the charity's achievements, we were delighted to be finalists for both the prestigious Third Sector Charity of The Year, and Waste2Zero Best Closed Loop Project awards.

Impact measure	2021 Achieved	2021 Target	2020 Achieved	% Growth on last year
People supported each week	249,000	175,000	174,000	+43%
Value of products distributed	£29m	£29m	£26m	+12%
Organisations receiving products	3,198	3,333	3,312	-3%
Orders distributed	33,693	33,000	31,400	+7%
New partners joining the network	952	1,000	1,526	-38%
Average saving for each organisation	£9,130	£8,100	£7,850	+16%

[Essential Support for Local Communities](#)

In Kind Direct's network comprises a wide range of organisations addressing issues right across the charitable spectrum at a local, regional, and national level. Among the network are community centres, foodbanks, disability support groups, schools, health and wellbeing charities, housing projects, child and youth support groups, and community nurseries. Most of the network are small and locally focussed. 56% have an income less than £100,000 per year and 86% have an income less than £500,000 per year. Over 80% of the organisations we supported are based outside London.

Almost 60% work to support those from ethnic minorities. Ongoing restrictions in the year brought significant challenges to charitable organisations, unable to fundraise to maintain their income and meet increasing demand for their support.

"Being able to access items from In Kind Direct has meant that we have been able to support families and their children within Bridgend Borough. Families who are suffering because of the impact that COVID-19 has had on them financially, emotionally, causing a massive decrease in their mental health and well-being."

Splice Child and Family Project

Thanks to generous support from the Barclays 100x100 UK COVID-19 Community Relief Fund, we were able to provide account credits to 350 organisations in our network, unlocking at least £500,000 of products to families and households most affected by the pandemic. This was achieved by prioritising regions reporting the highest increase in demand for support (Wales, Scotland, Northern Ireland, Northeast England, West Midlands, and London) and those organisations that had not received crisis funding from other sources.

For a breakdown of the organisations receiving products in 2021 by geographic area and focus area see figures A and B.

Working with our corporate partners, we were able to supply a wide range of the most needed products to our local charitable partners. We identified 17 core product lines, covering essential hygiene and cleaning supplies, as well as products specifically supporting learning, development and safe social interaction. We distributed 33,693 orders to organisations across the UK, and a further £11.5m worth of products through other initiatives including placements and bespoke projects. For a breakdown of goods distributed, see figure C.

[A Needs-based Approach](#)

Following a strategic review in 2020, the charity has established a new five-year strategy, placing the needs of people and communities at the heart of strategic decision making. This included consultation with our network of over 4,000 charitable organisations, and a range of corporate and sector partners. We evidenced a significant continuing need for the practical support provided by In Kind Direct, as well as opportunity for the charity to service this demand with new supply and an expanded operation.

Even as the pandemic eased, the economic and social impact continued to reverberate across the UK. We believe no one should be forced to choose whether to heat, eat or keep clean. We know the impact a lack of access to essential hygiene supplies has on mental and physical wellbeing. As well as continuing to provide a broad and inclusive service, we identified three groups where In Kind Direct's service add particular value. These were:

- **Charitable organisations:** our sector lost £10bn in 2020 but demand for support remains high. 56% of organisations in our network have an annual income under £100k/yr.
- **Low-income families:** there are 5m UK households in persistent poverty. Foodbank usage has >doubled since 2015. The poverty premium for this group is estimated at up to £1200/year, and they have been disproportionately affected by cost-of-living increases.
- **Young people 18-24:** there are 800,000 NEETs (Not in Education, Employment or Training) in the UK. They have been disproportionately affected by the pandemic in terms of unemployment, mental health, and homelessness.

Our activities in the year, and as part of our 2025 strategy, have prioritised these groups. Their needs have informed our product and network recruitment strategies, as well as the partnerships we have strengthened and created.

Our Impact

We regularly gather quantitative data and stories of the impact we generate and how it can be improved. This includes surveys, visits, focus groups and end of order feedback. In our quarterly impact surveys, at least two thirds of our network consistently reported an increase in demand, whilst no less than 40% reported decreased income. In November, we launched an Insights Panel of 90 network partners. This provides a mechanism for in-depth feedback to support the co-design and testing of our communications, campaigns, research and product strategy.

In September 2021 we updated our “*Products in a Pandemic: working together to keep people clean, safe and well*” report to cover the period March 2020 to August 2021:

- In total, In Kind Direct’s service supported an average of 249,000 people per week
- 73% of our network reported that demand for their services had increased
- 61% supported people with mental health problems
- 74% are focussed on combatting isolation
- 76% said products help people feel valued and cared for

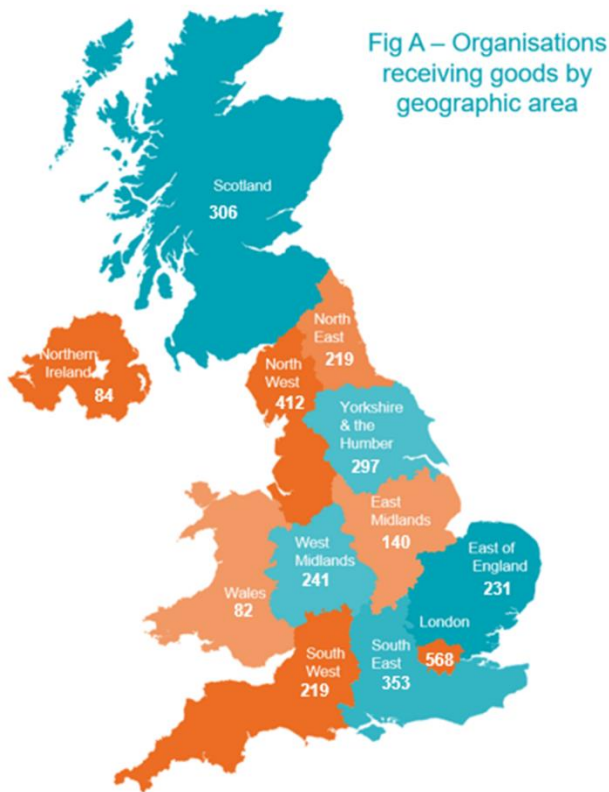
“To remain open safely, we have had to triple the use of PPE and hand sanitizers, hand washing soap and disinfectant, this has had a huge impact on our finances. Without the support of In Kind Direct, we would be looking at reducing staff hours to pay for this. We are eternally grateful for the hard work of the In Kind Direct team and the support they continue to offer communities and charities.”

St Peters Pre-School

In 2021, our work meant:

- 1 in 5 of our network partners could deliver new services with the savings we unlock
- 54% said that products helped people facing cost of living increases
- 55% of organisations could reach more people with our support
- 27% said products served as a gateway to other support services
- 33% were able to engage people they otherwise could not

In Kind Direct works at the intersection of social and environmental impact, reducing waste and redirecting products to enable communities to thrive. Our work supports UN SDG 1 (No Poverty), 3 (Good Health & Wellbeing) and 12 (Responsible Consumption & Production). As we work towards our 2025 vision to triple our social impact, we established our carbon emissions baseline in the year, ahead of setting meaningful reduction targets in 2022.



Charity & Public Sector Partnerships

In Kind Direct’s values of togetherness and innovation drive our belief that working in partnership achieves more impact for the communities we support.

In May 2021 we celebrated the first year of the Product Giving Alliance with our partners FareShare, International Health Partners and Charity Digital. The Alliance aims to unlock the maximum social good from both surplus and donated products and services, by distributing these in an efficient way to communities. Together, the Alliance provides a single solution for any business wanting to benefit society. By May 2021, £68m of products and services had been distributed by Alliance members, to over 16,700 charities and communities.

We partnered with Business in the Community (BitC) and Charity Digital to deliver the *Ditching the Digital Divide* virtual roundtable in July. Likeminded companies and charities came together to discuss potential strategic and streamlined solutions to meet the need for increased tech product and digital skills for charities, schools, and communities. As a result of the connections made, in 2022 In Kind Direct will be part of a pilot project to meet the needs of schools.

We regularly work with other sector partners that receive product donation offers they cannot process and facilitate direct placements of products. Specific examples in the year included:

- Providing targeted placements to network partners supporting families and individuals arriving from Afghanistan to the UK in September. Specific product donations from Pentland, Amazon and Johnson & Johnson saw over £200,000 of essential footwear, clothing and baby essentials distributed.
- Working with the British Red Cross to distribute donated sportswear to their branches, and our wider network of charitable partners.
- Partnering with Save the Children for our #SummerOfPlay campaign to raise awareness of the need for children to access play to support their social development.

Ongoing Brexit negotiations meant our fulfilment to partners in Northern Ireland remained under constant review, following a brief suspension of services in December 2020. Under the extended “grace period”, we were able to keep meeting community needs with small orders. In the year we supported 84 communities with £614,000 of products. We also submitted an expression of interest for membership of the Domestic Advisory Group and Civil Society Forum for the Trade and Cooperation Agreement (TCA). Notification is expected in 2022.

Store & Affiliate Partnerships

Organisations registered with In Kind Direct gain discounted access to office and facility supplies, IT equipment and services, and training via affiliate schemes with Ricoh, Ryman, Robert Dyas, Office Depot, Directory of Social Change and Enterprise Rent-a-Car. Through our Retail Donation Initiative, organisations are matched directly with local Disney Stores.

Sadly, the ongoing disruptions caused to the retail sector by the pandemic meant that our store partnerships, including our partnership with Disney Store, were significantly affected in the year.

Support for overseas relief

Our primary focus remains distributing essential goods to UK charitable organisations for use in the UK. In addition, we also distribute products to UK emergency relief and development charities working overseas in Eastern Europe, the Middle East and Africa. £3.4m (2020: £2.5m) in value of stock was distributed to UK charities supporting emergency relief and development work over the course of the year.

Corporate Partnerships

In Kind Direct engages and accepts goods from a wide range of manufacturers, retailers, and other organisations. We develop mutually beneficial multi-level relationships with our corporate partners. We help them to identify where stock available to donate may exist within their business and we strive to be front of mind for any company which has products to donate. We educate companies on the value of product giving to secure the range of essential consumer products required by charitable organisations and their beneficiaries.

“We are so proud to be supporting In Kind Direct with regular donations of refurbished Micro-Scooters. We want our Scooter Aid scheme to benefit children across the country, and our partnership with In Kind Direct allows us to reach communities in need everywhere in the UK, through a single point of contact.”

Ben Gibson,
Managing Director, Micro Scooters

Increasingly, we work with companies and brands to develop high impact collaborative campaigns. By working with In Kind Direct, brands can deliver on their corporate responsibility objectives, enhance, and protect their reputations and build awareness and conversion.

Key brand campaigns run in the year included:

- Primark donated 23,000 children’s winter coats during the January lockdown
- We celebrated our 20-year partnership with P&G in September, including a joint press release and social media content
- Pampers (P&G) donated an initial 10,000 nappies through a “Buy One, Donate One” campaign as part of #PampersforPremie in November and December, which will lead to a forecasted 500,000 nappy donation in 2022
- Carex (PZ Cussons) donated 500,00 bottles of handwash, and ran an in-store promotion campaign with on product logo placement

“We’re committed to ensuring no family goes without baby essentials such as nappies and through partnerships like this with In Kind Direct, we can help be there for babies and their families when they need us.”

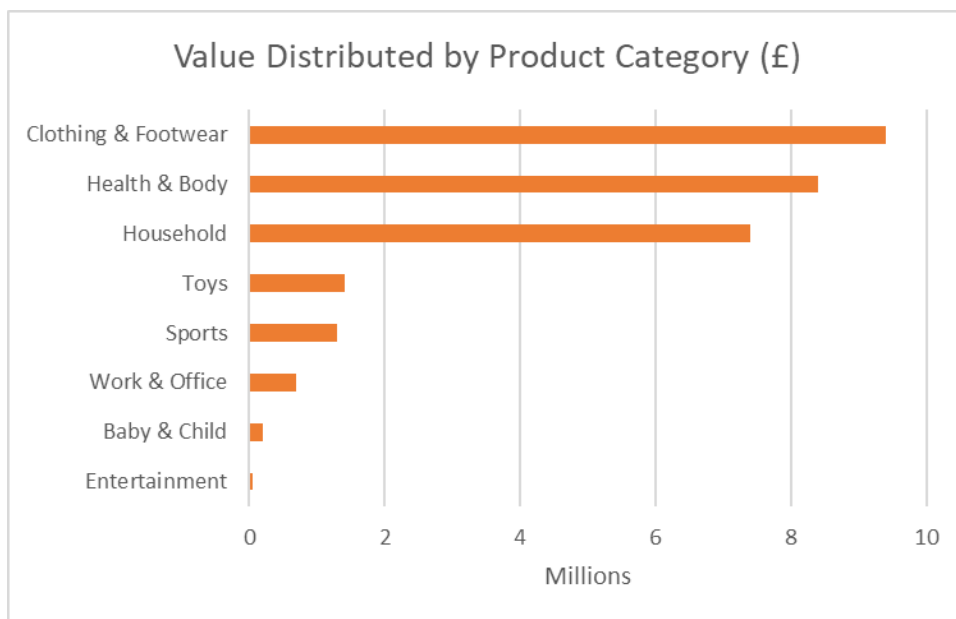
Selina Butler
Baby & Fem Care Communications
Manager, Pampers

- Escentual donated 18,000 units of children’s sunscreen alongside an online campaign to raise awareness of sun poverty
- Cif (Unilever) donated 250,000 Anti-Bac & Shine eco-refills
- Faith In Nature donated 3,400 bottles of bodywash through a “Buy One, Give One” campaign in September

Overall, we received 6,417 pallets of goods (equivalent to 247 lorry loads) from 118 companies during the year, 44 of which were new to working with us. This was almost 80% of the volume donated during the first wave of the pandemic across 2020 (8,078 pallets).

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

Fig C: Value of donated goods distributed in 2021 by product category



Campaigns & Brand

In the year, we ran campaigns across different communication channels aimed at raising awareness of our work and opportunities to address topical issues. As well as providing a calendar of engagement for current and prospective corporate partners, campaigns offer a strong mechanism for recruiting new charitable organisation to our network, and securing local, regional, and national PR coverage.

In the year we also began work to establish our tone of voice and develop awareness of our brand, and its potential. This positioning work will continue into 2022, as we relaunch our websites, continue our PR and social media efforts, and celebrate our 25th anniversary. We recruited a new Marketing Manager role to oversee these activities.

“We had a resident who had been showering in washing up liquid. Since we’ve been able to provide them with shower gel and hair products, she said she is feeling ‘human’ again”.

Streets Ahead for Information

Across the first half of the year, we ran our #commUNITY campaign. From February, the first campaign wave focussed on the reopening of community hubs and centres. The second wave focussed on supporting families and children’s mental health and wellbeing.

In July, we launched #SummerOfPlay in partnership with Save The Children. It supported children and lower-income families to get active during the summer, recognising the impact of lockdown restrictions on children's wellbeing and development. We distributed toys, games, sport supplies and books across the summer holidays. The insight of our network to identify key needs drove our conversations, including with five new companies, collectively donating 60,000 products. Through this six-week campaign, we distributed almost £500,000 of essential products to 1,400 local organisations.

In November and December, our "Warmth This Winter" campaign provided support to over 1,500 organisations in our network and focussed on our belief that everyone should feel emotional and physical warmth. Centred around a real essentials gift list of hygiene and other products, eight pieces of PR coverage were secured, across regional titles and radio. Over 75,000 winter products were distributed, and 126 charitable organisations joined our network.

Warehouse & Logistics

With a dramatic and sustained increase in orders, the increased demand and lockdown restrictions of the pandemic continued in the year. Based on our learnings from 2020, we remained operational throughout the entire year, with appropriate safety measures in place.

Over our twenty-five year operational history, we have developed a deep understanding of the specific processes and strategies required to deliver an efficient service for our corporate and charitable partners. Our Telford pick and pack operation and courier management is provided by a third party contractor, The Service Business (TSB), with whom we have worked closely to improve performance and efficiency since 2009. During further lockdown periods, the TSB fulfilment team maintained a weekly furlough cycle.

Operational efficiencies were achieved across the year, with streamlined picking, packing and storage solutions, as well as the rationalisation of temporary staff support. Orders were fulfilled more quickly, meaning products reached network partners and individuals that much sooner. Costs were also rationalised, with total logistics savings of over £130k in the year. Haulage costs and delays were experienced across the UK towards the end of the year, and In Kind Direct was no exception. Increased costs were largely offset by operational efficiencies and enabled robust cost modelling to support longer-term strategic planning. The charity experienced delays in some donations reaching the warehouse, due to the national shortage of lorry drivers.

As we embedded lessons from 2020, we continued our logistics review to facilitate projected growth. Our thanks to Mark Aspinall and Javelin for their generous support in this process.

The trustees extend their gratitude to TTS for their continued support with additional storage and transportation between warehouses across the year.

Because of the quantity, nature, and complexity of the products we handle, In Kind Direct has unique challenges in processing donated stock for distribution. Often, the product donations we receive from companies are hugely mixed and difficult to identify and categorise prior to reworking. This makes it impractical to value goods on receipt and, accordingly, goods are valued after being sorted, prepared and ready to be made available to charitable organisations.

Our well-established warehouse volunteer programme sees teams of volunteers from our corporate partners come into the warehouse to sort, pack and prepare donations of stock for distribution. With the lifting of some pandemic restrictions, we welcomed four groups from Lloyds Banking Group and Essity TORK in the year.

Systems & IT

In Kind Direct has a reputation for high quality IT systems that give an excellent standard of service and support to our customers. Our primary business applications, infrastructure, web platforms and data services are managed internally, with support from key suppliers. All aspects of the service are monitored for availability, scalability, and security.

Thanks to our prior program of investment in cloud technology and the resilience and flexibility it provides, In Kind Direct remained well positioned to adapt its operations as the pandemic continued. Office-based staff were able to move successfully between fully remote and hybrid working patterns as necessary. We recognise the adaptability of the team who together ensured the charity to exceed key KPIs and scale up our operations.

Throughout the year, traffic and volumes on our e-commerce and operational systems remained above pre-pandemic levels. Despite this, customers continued to receive the stable and consistent service they are used to. The charity continued to develop its systems and use of technology. This included:

- Continued adoption and integration of Dynamics 365, the third phase in a major 18-month systems upgrade. In the year this included donation pipeline management, corporate partner management and customer service
- Migration of finance processes to purpose-built systems, and automation of key tasks
- Initial review and development of network registration and renewal processes
- Staff training across systems, to support real-time reporting and insight
- Investment in improved meeting room technology to support hybrid working
- Recruitment of a new Business Systems Manager role within the Operations division

Equality, Diversity and Inclusion, HR & Restructuring

From September, we carried out an Equality, Diversity and Inclusion (EDI) review with all staff and trustees, supported by external consultants, Social Justice Collective. Building on our new purpose, values and 2025 vision as well as the updated Charity Governance Code, we want In Kind Direct to be an inclusive organisation, and ultimately to reflect more fully those we exist to serve. Awareness sessions, workshops and a people survey in the autumn helped inform our approach and next actions. From 2022 we will be delivering our new holistic People Plan.

With a new leadership team in place from December 2020, five new manager roles were recruited in the year to support our growth. In November we continued the transition to a structure to deliver on our 2025 vision. By mid-2022, a further six new roles will be recruited. This will allow us to address skills gaps, support the creation and stewardship of impactful partnerships, utilise our systems to deliver robust reporting and financial planning, and establish our voice externally.

In Kind Direct is fortunate to benefit from a dedicated and skilled staff team who have performed very well during this challenging period. We provide a range of staff benefits including performance related remuneration, insurance, learning and development opportunities, volunteering leave, health reimbursement scheme, cycle to work and childcare voucher schemes.

Our paid internships provide six to nine months' experience within a dynamic work environment. We are delighted that the intern scheme has helped provide a valuable starting point for individuals looking to start a career within the sector. In the year, no new internships were created. The two interns recruited in 2020 both successfully moved into permanent roles with the charity.

In Kind Direct International (IKDI) Network

In the year, there were four IKDI network members: In Kind Direct, the founder member; Innatura, a German licensee; Dons Solidaires, a French licensee; and In Kind Direct (Singapore). Collectively to date, IKDI network members have distributed goods with an estimated retail value of £630 million, received from more than 1,660 corporate product donors, to over 15,800 charitable organisations. During 2021, work took place to support the establishment of new network members in Switzerland and Italy:

- A new licensee, MateriaBona, joined the IKDI network in December 2021 and is operating in Switzerland.
- In Kind Direct (Italia) was incorporated in early 2021 and is expected to become operational once further work on the structure of the organisation has been completed to comply with Italian charity law requirements.

IKDI continues to review opportunities for potential expansion of the IKDI network.

In Kind Direct (Singapore) was granted charitable status in March 2021. Operations in Singapore continued to grow in the year, with the receipt of regular donations from two multinational donors. 29 charities received goods from In Kind Direct (Singapore) during the year. A review of the operating model was being carried out to assess the future strategic direction.

Demand for the services of established IKDI network members in the UK, France and Germany, continued during 2021, as network members supported communities affected by the Covid-19 pandemic. IKDI network members continued to work collaboratively during 2021, sharing know-how, experience, innovation, and donations, when appropriate. Regular conference calls were held throughout the year and the 2-day annual conference in November 2021 took place once again as a virtual event, due to the pandemic.

Since the IKDI network was formed in 2013, IKDI network members have shared donated goods between network members with an estimated retail value of £15.5 million. Goods are shared between network members if they are surplus to the requirements of the receiving network member or because a particular type of product is better suited to use in another country, for example due to need, size, labelling or configuration.

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

During 2021, IKDI received the following income:

	Unrestricted	Restricted
Licence fees	£39,000	-
Other income	£227	-
Donations and gift aid	£35,000	-
Total income	£74,227	-

IKDI's expenditure was as follows:

	Unrestricted	Restricted
Staff costs	£57,224	-
Audit and accounting services	£1,450	-
Licence fees to IKD	£2,998	-
Legal fees	£5,465	-
Other costs	£731	-
Total expenditure	£67,868	-

IKDI's reserves at the end of 2021 were:

	Unrestricted	Restricted
Balance on 1 January 2021	£64,235	£16,333
Movement during 2021	£6,359	-
Balance on 31 December 2021	£70,594	£16,333

Fundraising & Income Generation

In Kind Direct has a diversified income base comprising the following streams:

1) Contributions paid for our service by benefiting charitable organisations

It is free for charitable organisations to join our network. On ordering, charitable organisations pay a small charge which is a contribution to our costs for the provision of goods and includes UK delivery. This revenue is a crucial part of our income mix. In addition, we are required to levy a charge to protect donor companies from otherwise incurring VAT on the value of their donated goods. In 2021, we received contributions from recipient organisations of £2.2m, a decrease of 6% on the previous year (£2.3m).

2) Trading income

In Kind Direct has a wholly owned trading subsidiary called Trading IK which was set up in 2009 to help develop commercial income streams for the charity. All trading company net profits are gift aided to In Kind Direct.

One strand of the work is the public sale of goods donated to In Kind Direct, which are not suitable for distribution to our charity partners or are in excess of their requirements and have a commercial value. Products are sold via eBay, directly to purchasers or via partner organisations. No product is ever considered for this route without the explicit permission of the donating corporate partner, and consideration of the needs of our charitable partners.

Trading IK also facilitates various affiliate marketing schemes giving charitable organisations access to discounted products and services, particularly in categories where In Kind Direct struggles to secure adequate supplies of donated product. In 2021, we continued our existing schemes with Ryman, Staples Solutions, Robert Dyas, Office Depot and Enterprise Rent-a-Car to provide discounted access to office supplies, IT equipment and services to our charitable partners. Several of these schemes were severely affected by Covid-19 restrictions.

3) Fundraising

Another essential part of our income is support from companies, trusts & foundations and individuals who understand and are inspired by the unique impact of In Kind Direct's work. Fundraising is particularly important in ensuring charges for providing goods are as low as is sustainable. This ensures our service remains accessible to smaller charitable organisations who rely on the products we provide. Without our Patrons and other funders' support, our ability to maintain our service and trial new initiatives would simply not have been possible.

In Kind Direct's fundraising in 2021 was carried out by employed staff and a retained consultant. In December, a new Philanthropy Partnerships Manager was recruited. Our activities principally comprised seeking funding from trusts and foundations and the development of partnerships with companies and individuals through our Patrons programme. We did not use professional agencies to carry out fundraising activities in the year.

Several corporate partners provided significant financial support during the year in tandem with product donations, including Procter & Gamble, Primark, Amazon and Essity TORK. Our thanks also go to Lloyds Banking Group, our longest standing funder, for their continued stalwart support, and to Santander for their support to explore ways to address the UK's digital divide.

In October, we were delighted to host a Patrons event in London, as Covid-19 restrictions were eased. We welcomed individuals, grant givers and corporate partners to hear about our impact during the pandemic, and our 2025 vision. It was a wonderful opportunity to reconnect with longstanding partners in person, and to nurture new relationships. After being postponed in 2020, the London Marathon also went ahead, and we extend our enormous thanks to Daniele Sassoli and Tina Lally, who ran for In Kind Direct and together raised £2,600. We also carried out small scale public facing fundraising campaigns using the JustGiving platform.

In Kind Direct is a member of the Fundraising Regulator. We work hard to comply with the Code of Fundraising Practice for the UK across all our fundraising activities. We comply with the key principles and behaviours of the Code to ensure that any vulnerable persons are treated fairly. No complaints about fundraising activity were received during the year.

We require signed agreements from all of those who fundraise on our behalf controlling any use of our logo or branding. We had two Commercial Participation Agreement relating to financial donations in place during the year with a corporate partner. Where we do work with third parties such as corporate partners to raise funds, we have agreements in place with close monitoring of performance in line with these agreements.

In what has been a particularly challenging time for many we are hugely grateful and extend our thanks to everyone who provided support to the charity throughout the year.

Volunteers & Pro Bono Support

In Kind Direct's long-running warehouse volunteer scheme continued to be disrupted by the pandemic. Towards the end of the year, we welcomed four groups from Lloyds Banking Group and Essity TORK as restrictions allowed.

We were fortunate to receive the support of several companies and individuals who provided their services pro bono during the year. Our particular thanks go to Mark Aspinall at Javelin, regarding their support through our strategic review process regarding our logistics and operations.

The Trustees are hugely grateful to everyone who supported the charity through volunteering and donating time and expertise this year.

Financial review of 2021

	2021	2020	Variances	
	£	£	£	%
Charges for distributing goods	2,174,115	2,339,205	(165,090)	-7%
Unrestricted donations	318,983	710,536	(391,553)	-55%
Restricted donations	36,000	152,000	(116,000)	-76%
Total donations	354,983	862,536	(507,553)	-59%
Trading company gross income	242,528	113,100	129,428	114%
Gift aid donation from trading company	96,599	55,278	41,321	75%
Charitable activity costs	2,786,858	2,718,106	68,752	3%
Support costs	1,906,312	1,586,258	320,054	20%

In Kind Direct's logistics operations generated income of £2.17m (2020: £2.34m). Revenue charges income decreased slightly by £165k compared to 2020. The charity maintained the record growth of 2020, demonstrating that sustainable growth will be possible in future years.

Trade income through the trading company has more than doubled in the year to £242,528. This was due to new initiatives to generate income from products not suitable to support the work of our network partners, that would otherwise have gone to landfill or incineration. This meant that the gift aid payment from the trading company to In Kind Direct also increased from £55,278 in 2020 to £96,599 in 2021.

Over £29m of In Kind Direct's expenditure was the value of the products distributed which is offset by the same amount recognised as an income for accounting treatment purpose. As outlined previously, the nature and complexity of the products donated to In Kind Direct make it near-impossible to value goods at the point of receipt. A further £1.114m 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 note 6 for an analysis of our expenditure.

Plans for the Future

In 2021, we created our 2025 vision, building on the extensive review and planning process initiated in 2020. Our ambition is to triple our impact through to 2025 (on a 2019 base). Our broad strategic priorities are summarised below. Each year we will review our organisational objectives to ensure we remain on track to meet this ambitious target.

[Our Strategic Priorities](#)

1. Transform our corporate partnerships

We build partnerships of equals with our corporate partners. We will develop bespoke programmes with our donors which lead to consistent and increasing supply of core products. We will communicate the impact of partnerships in an engaging, valuable and real-time manner.

2. Meet more of the needs of our communities

We will use data effectively to map need, fill gaps and drive decisions. Consistent product supply is key. We will add value for our partners and spread best practice. We will better target new partners with focused sector partnerships and improved, impactful storytelling.

3. Drive operational efficiency

We will review our operating model to build in flexibility and enable growth. We will automate and streamline key systems and use data to inform decisions across teams. We will understand our costs and ROI, and implement cost savings where possible.

4. Develop a more consistent and broad-based funding model

We will grow sustainable and long-term support from our corporate partners. We will reduce concentration risk by growing our pipeline of funders and shift to a proactive fundraising strategy. We will innovate and develop packages of funding for projects and impact.

5. Build a strong, fit for purpose organisation with a thriving culture

We will invest in our team as the foundation of our success. We will continue to build a safe and inclusive organisation that lives its values. Data and insight will drive efficiency and resilience. Impact will underpin our strategy, developing our voice to push for systemic change.

Operational Plan for 2022

As we work toward our long-term strategic goals, our operational plans and objectives for 2022 are summarised below. All key metrics will feed into six organisational measures of success:

- 311,000 people supported each week
- 4,200 charitable organisations receiving products
- £29.8m in savings unlocked for our network partners
- Environmental impact reduced (targets to be set in the year)
- 6 never out of stock (NOOS) lines across core product areas
- £3.7m income secured from all sources

We have embedded the “In Kind Direct Approach” across the organisation, ensuring the delivery of our operational plans and wider strategic ambition aligns with our purpose and values.

The In Kind Direct Approach

- An organisation that respects and reflects those we serve
- Insight powered by our systems
- Innovation unlocked by asking WHY and HOW
- Improving lives can’t cost the earth
- To be heard, we must make a noise

Objective	Summary Plans
1. More of the right product at the right time	<ul style="list-style-type: none"> • Reinvigorated corporate partner strategy, focussed on Big 17 core products lines • Ownership and strategic plan for impact beyond our catalogue • Innovative solutions for specialist product e.g., tech • Employee engagement programme for corporate partners
2. Better understand those we serve and our impact	<ul style="list-style-type: none"> • Delivery of four strands of commissioned research • Enable a user-developed service through Insights Panel, surveys, and inclusion in research scoping • Impact assessment review and continuous improvement • Network development strategy driven by end user needs and where In Kind Direct can have greatest impact
3. Grow our profile and supporter base	<ul style="list-style-type: none"> • Development of corporate website and ecommerce platform to improve user experience and engagement • 25th Anniversary programme • Sector strategy focus for great impact, and to determine where In Kind Direct has a voice for change • Patrons programme, focussed on multi-year support
4. Operational excellence driving insight and efficiency	<ul style="list-style-type: none"> • Operational review completed and recommendations implemented • Systems migration, automation and improvements including account management, finance and fundraising • Real time reporting and dashboarding to support self-serve for internal and external stakeholders • Know, track and reduce our cost to serve, to support a pricing model review • Improve customer onboarding and key journeys

<p>5. An organisation that lives its values</p>	<ul style="list-style-type: none"> • Implementation of EDI recommendations and framework • Governance review and trustee recruitment • Team development – 6 new roles • Develop staff benefits including learning and professional development opportunities • Carbon emissions baseline and reduction targets
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Structure, governance and management

In Kind Direct was founded in 1996 by our Royal Founding Patron, HRH The Prince of Wales. There are twelve trustees who meet quarterly as a Board, as does the Finance and Governance Committee. 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 AGM where the appointment is approved by the members. Trustees are subject to retirement by rotation.

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 and are encouraged to visit and learn from the organisations benefiting from In Kind Direct's work and their beneficiaries. Network partners regularly share their impact and feedback at Board meetings.

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 Leadership 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 fifteen full-time and six part-time staff.

Since late 2020, In Kind Direct has been undertaking a Governance Review. A sub-group of the Board of Trustees and senior staff was created with delegated authority to explore, review, and recommend improvements to current practices. In September, this working group was disbanded, and the Finance and Audit Committee was reconvened as the Finance and Governance Committee with updated terms of reference and membership. The Governance Review is ongoing and will be completed in 2022. The extension of the Review was to accommodate the timing of, and enable the full engagement with, the charity's EDI Review which began in September. As well as a review of all operational and staff policies, changes to the Governance Code of Practice in 2020 will also be incorporated to the Governance Review, alongside developing and reviewing processes around how trustees are recruited, upskilled and their performance reviewed. These steps will align with our broader People Plan, building transparent and inclusive practices for all staff and volunteers.

Financial policies

Reserves policy

In 2018, the Board's review of the reserves policy concluded that the charity should aim to achieve unrestricted reserves equivalent to at least four months' operational cashflow (2021: £567,000), with a longer-term aspiration that the Group achieve a minimum of six months' unrestricted

reserves. This policy is assessed annually by the Finance & Governance Committee to ensure that it remains appropriate. The Group reserves as at 31 December 2021 were as follows:

Unrestricted reserves	£ 761,823
Restricted reserves	£ 698,380
Designated reserves	£ 635,000

Total Group reserves as at 31 December 2021 £ 2,095,203

The Group unrestricted reserves balance of £761,823 equates to 5.3 months of operating costs for In Kind Direct and represents a decrease of £515,984 compared to the previous year (2020: £1,277,807). This is mainly due to the designation of £635,000 for specific projects to deliver our 2025 strategy, which is offset with an operating surplus of £119,016 in the year.

This means that the Group ended the year having achieved reserves in line with its reserves policy. The designated budget approved by the Trustees included a new warehouse and systems upgrade & integration logistics platform, upgraded websites and commissioned research.

Within the restricted funds (note 15a), £656,303 relates to the grant income received and receivable from Lloyds Banking Group towards the cost of In Kind Direct's offices, less expenditure to date. This includes an accrual of the remaining grant income receivable. A further £30,800 is being retained as a separate restricted fund to pay for office dilapidations, should a break clause within the lease be exercised after 4 years.

Investment policy

In Kind Direct's investment policy is to place funds in excess of short-term commitments on deposit for one to three months, leaving a sufficient balance in the current account. It is the opinion of the Board of Trustees that the interest earned is paid at a competitive market rate and that these investments perform to an acceptable level. Currently no funds are held on deposit. A review of the charity's investments will be carried out in 2022.

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 Governance Committee before either proceeding with the sale or give an explanation for not realising the value as soon as the restriction has lapsed. Currently no donated shares are held.

Executive Pay and Remuneration

Our approach to pay is to provide fair remuneration packages for people who can help the charity to maximise its impact. To do this we seek to balance the need to attract, develop and retain individuals with a need to ensure value for money for the charity.

We aim to provide remuneration packages and benefits that are competitive within the charity sector, proportionate to the complexity and scope of each role, and in line with our charitable objectives. We meet all national pay standards and provide all staff including interns with the Real Living Wage as a minimum.

The Remuneration Committee of the Board reviews and monitors senior staff pay, including the pay of the Chief Executive. Periodically, remuneration levels are reviewed and benchmarked by outside industry specialists.

Qualifying indemnity insurance

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

Risk policy and management

The Trustees review the assessment of major risks to which the charity is exposed. The Leadership Team has compiled a risk register, which they also regularly monitor and amend as necessary. Risks are scored by likelihood and impact both prior and post mitigation measures taken. Management of risks with strategies to minimise and mitigate them is an ongoing task of the Leadership Team. Changes are reported to the Board at quarterly meetings. The top three risks faced by the charity at December 2021 were:

Risk	Example Management & Mitigation Measures
Excessive reliance on a small number of companies/key contacts at these companies	<ul style="list-style-type: none"> • New business development to spread risk • Strengthen relationships with current partners • Multi-layer stewardship across organisations • Corporate Partner tiering process in place • Regular reporting and migration to Dynamics
Reliance on key staff to maintain business continuity	<ul style="list-style-type: none"> • Regular leadership team meetings • 3 month notice period for new managers • Documentation of all operational processes • Handover across Leadership team for periods of leave • Robust change management process to maintain business continuity during transition periods • Training on key tasks shared across functions
Failure to provide goods requested/needed by charity partners	<ul style="list-style-type: none"> • Regular communication across teams to identify core product categories and quantify need • Strengthen relationships with current partners • Monitoring of type and quantities of products requested • Process for Goods Acceptance

Environmental policy

In Kind Direct, a registered charity, distributes product from manufacturers and retailers to UK charitable organisations working at home and abroad. As well as helping charitable organisations, our work has a positive impact on the environment by diverting goods that might otherwise go to waste as landfill or external recycling, generating greenhouse gases. We also support an environmentally conscious approach by:

- Encouraging and supporting network partners to act in an environmentally responsible way
- Advocating a reduce, reuse, recycle approach to products
- Supporting the trial and distribution of "green" products and having a clear ethical donation policy for accepting donated products and services

We recognise our obligation to comply with the law and to carry out our work in an as environmentally sound manner as possible. In the year we established our baseline carbon emissions, to help us to set meaningful reduction targets from 2022.

In Kind Direct is committed to supporting a just transition to net zero and reducing the environmental impact of our operations and service delivery. We commit to monitoring our carbon emissions and resource usage. We will also establish a decision-making framework which supports staff to assess actions and services that have a positive environmental impact, but which may require more resource to implement, as well as the impact of new projects.

Our environmental statement and full environmental policy is available on our website.

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:

Debra Allcock Tyler	
Scott Barton	
Graham BurrIDGE	
Barry Furlong	
Tim Hinton	
Graham Inglis	
Ajay Kavan	
Tom Moody	
Martin Newman	
Andrew Rubin	Resigned 31 March 2022
Teresa Tideman (Chair)	
Richard Wolff	
Alec Grant	Appointed 29 th June 2022
Ayshea Farooq	Appointed 29 th June 2022
Chirag Patel	Appointed 29 th June 2022

Changes in fixed assets

£15.1k was invested in fixed assets in 2021 relating to video conferencing equipment & investment on the accounts payable automation systems in response to changes to the way we operated during the pandemic.

Statement of trustees' responsibilities

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

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

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;

- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The trustees are responsible for the 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.

Statement of disclosure to the auditor so far as the Trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware;
- 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 charitable company's 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. However, one of the Trustee (Graham Burrige) was engaged as a consultant and paid for his service as interim finance manager until the position was filled (see note 8).

Trading IK Ltd is the wholly owned trading subsidiary of In Kind Direct. Graham Burrige, who is Chair of the subsidiary, is also a director/trustee of In Kind Direct. Rosanne Gray, Chief Executive also served as a directors of Trading IK Ltd during the year. Linda Kelly, Head of Finance left In Kind Direct, also serving as a director for TIK, in the year.

In Kind Direct is the sole legal member of IKDI. Three director/trustees of In Kind Direct are director/trustees of IKDI. They are Teresa Tideman, Graham Inglis and Richard Wolff. Rosanne Gray, Chief Executive of In Kind Direct is also a director/trustee of IKDI.

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

Auditors

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

On behalf of the Board

T M Tideman

Teresa Tideman

Date: 28th August 2022

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

We have audited the financial statements of In Kind Direct for the year ended 31 December 2021 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated and Company Statement of Cash Flows and notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 December 2021 and of the group's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

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

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

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees for the financial statements

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to charity law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011, payroll tax and sales tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries and management bias in accounting estimates and judgements. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Review of the meeting minutes of the board of trustees and sub-committees;
- Identifying and testing journals, in particular journal entries posted that significantly impact on the result for the year, posting in areas subject to significant judgements or estimates, postings in accounts that are considered higher risk; and
- Challenging assumptions and judgements made by management in their critical accounting estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

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



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

10 Queen Street Place
London
EC4R 1AG

Date: 30 August 2022

Consolidated Statement of Financial Activities (including income & expenditure account) for the year ended 31 December 2021

	Notes	Unrestricted Funds £	Restricted Funds £	Totals 2021 £	Unrestricted Funds £	Restricted Funds £	Totals 2020 £
INCOME							
Income from donations							
Value of donated goods distributed	4	29,198,822	-	29,198,822	16,302,722	10,002,005	26,304,727
Donations	3	318,983	36,000	354,983	710,536	152,000	862,536
Donated services for own use	4	97,874	-	97,874	252,305	-	252,305
Income from charitable activities:							
Retail donation registration fees		-	-	-	3,315	-	3,315
Charges for providing goods		2,174,115	-	2,174,115	2,339,205	-	2,339,205
Other charitable income		65,482	-	65,482	72,851	-	72,851
Income from other trading activities:							
Commercial trading operations	5	242,528	-	242,528	113,100	-	113,100
Investment income		-	-	-	212	-	212
TOTAL INCOME		<u>32,097,804</u>	<u>36,000</u>	<u>32,133,804</u>	<u>19,794,246</u>	<u>10,154,005</u>	<u>29,948,251</u>
EXPENDITURE							
Costs of Raising Funds:							
Costs of Raising Funds	6	103,685	11,177	114,862	88,027	5,240	93,267
Costs of Trading Activities	6	73,551	-	73,551	54,222	-	54,222
		<u>177,236</u>	<u>11,177</u>	<u>188,413</u>	<u>142,249</u>	<u>5,240</u>	<u>147,489</u>
Expenditure on Charitable Activities:							
Distribution of donated goods	6	29,198,822	-	29,198,822	16,302,722	10,002,005	26,304,727
Other Charitable Costs	6	2,602,730	184,128	2,786,858	2,560,741	157,365	2,718,106
		<u>31,801,552</u>	<u>184,128</u>	<u>31,985,680</u>	<u>18,863,463</u>	<u>10,159,370</u>	<u>29,022,833</u>
TOTAL EXPENDITURE	6	<u>31,978,788</u>	<u>195,305</u>	<u>32,174,093</u>	<u>19,005,712</u>	<u>10,164,610</u>	<u>29,170,322</u>
Net Income for the Year Before Transfers		119,016	(159,305)	(40,289)	788,534	(10,605)	777,929
Gross Transfers Between Funds		-	-	-	-	-	-
Net Movement in funds		<u>119,016</u>	<u>(159,305)</u>	<u>(40,289)</u>	<u>788,534</u>	<u>(10,605)</u>	<u>777,929</u>
Funds brought forward at 1 January		1,277,807	857,685	2,135,492	489,273	868,290	1,357,563
Funds carried forward at 31 December	15a	<u>1,396,823</u>	<u>698,380</u>	<u>2,095,203</u>	<u>1,277,807</u>	<u>857,685</u>	<u>2,135,492</u>

The financial activities above relate wholly to the continuing activities of In Kind Direct. There are no recognised gains or losses other than those dealt with in the above statement.

The notes on page 35 to 46 form part of these financial statements.

Consolidated Balance Sheet at 31 December 2021

	Notes	Unrestricted Funds	Restricted Funds	Total 2021	Unrestricted Funds	Restricted Funds	Total 2020
		£	£	£	£	£	£
Fixed assets							
Tangible assets	10	1,393	-	1,393	3,607	-	3,607
Intangible assets	11	71,748	-	71,748	92,424	-	92,424
Public benefit concessionary loan		20,000	-	20,000	20,000	-	20,000
Fixed Assets		<u>93,142</u>	<u>-</u>	<u>93,142</u>	<u>116,032</u>	<u>-</u>	<u>116,031</u>
Current assets							
Debtors	13	130,866	368,716	499,582	129,087	519,023	648,110
Cash at bank and in hand		<u>1,384,319</u>	<u>329,664</u>	<u>1,713,983</u>	<u>1,326,689</u>	<u>338,662</u>	<u>1,665,351</u>
		1,515,184	698,380	2,213,565	1,455,776	857,685	2,313,461
Creditors: amounts falling due within one year	14	(211,503)	-	(211,503)	(294,000)	-	(294,000)
Net current assets		<u>1,303,681</u>	<u>698,380</u>	<u>2,002,062</u>	<u>1,161,775</u>	<u>857,685</u>	<u>2,019,460</u>
Net assets		<u>1,396,823</u>	<u>698,380</u>	<u>2,095,203</u>	<u>489,273</u>	<u>868,290</u>	<u>2,135,492</u>
Funds							
Balance at 1 January		1,277,807	857,685	2,135,492	489,273	868,290	1,357,563
Movement in Funds		119,016	(159,305)	(40,289)	788,534	(10,605)	777,929
Balance at 31 December	15a	<u>1,396,823</u>	<u>698,380</u>	<u>2,095,203</u>	<u>1,277,807</u>	<u>857,685</u>	<u>2,135,492</u>

These financial statements were approved and authorised for issue by the directors and were signed on their behalf by:

T M Tideman

Teresa Tideman

Director and Trustee

28th August 2022
Date:.....

The notes on page 35 to 46 form part of these financial statements.

Company Balance Sheet at 31 December 2021

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2021 £	Unrestricted Funds £	Restricted Funds £	Total 2020 £
Fixed assets							
Tangible assets	10	1,393	-	1,393	3,607	-	3,607
Intangible assets	11	71,748	-	71,748	92,424	-	92,424
Investments	12	1	-	1	1	-	1
		<u>73,142</u>	<u>-</u>	<u>73,142</u>	<u>96,032</u>	<u>-</u>	<u>96,032</u>
Current assets							
Debtors	13	123,034	368,716	491,750	106,588	519,023	625,610
Investments		-	-	-	-	-	-
Cash at bank and in hand		<u>1,237,065</u>	<u>329,664</u>	<u>1,566,729</u>	<u>1,243,612</u>	<u>338,662</u>	<u>1,582,274</u>
		1,360,099	698,380	2,058,479	1,350,200	857,685	2,207,885
Creditors: amounts falling due within one year	14	(190,924)	-	(190,924)	(279,271)	-	(279,271)
Net current assets		<u>1,169,175</u>	<u>698,380</u>	<u>1,867,555</u>	<u>1,070,929</u>	<u>857,685</u>	<u>1,928,614</u>
Net assets		<u>1,242,317</u>	<u>698,380</u>	<u>1,940,697</u>	<u>1,166,961</u>	<u>857,685</u>	<u>2,024,646</u>
Funds							
Balance at 1 January		1,166,961	857,685	2,024,646	366,740	868,291	1,235,031
Movement in Funds		75,356	(159,305)	(83,949)	800,221	(10,606)	789,615
Balance at 31 December	15b	<u>1,242,317</u>	<u>698,380</u>	<u>1,940,697</u>	<u>1,166,961</u>	<u>857,685</u>	<u>2,024,646</u>

In Kind Direct has taken advantage of the exemption under section 408 of the Companies Act 2006 not to present the Statement of Financial Activities and Income and Expenditure Account of the parent charitable company in these financial statements. Income of the parent company amounted to £32,017,947 (2020: £29,859,964). The result for the year is a net movement of funds of (£83,949) (2020: £789,615).

These financial statements were approved and authorised for issue by the directors and were signed on their behalf by:

T M Tideman

Teresa Tideman

Director and Trustee

Date: 28th August 2022
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The notes on pages 35 to 46 form part of these financial statements.

Consolidated and Company Statement of Cash Flows

	Notes	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Cash provided/(used in) by operating activities	20	63,730	1,226,439	(447)	1,249,676
Cash flows from investing activities					
Interest income		-	212	-	212
Transfer of cash to current asset investments		-	-	-	-
Purchase of fixed assets		(15,098)	(36,551)	(15,098)	(36,551)
Cash (used in) investing activities		(15,098)	(36,340)	(15,098)	(36,340)
Cash flows from financing activities					
Increase/(decrease) in cash and cash equivalents in the year		48,632	1,190,099	(15,545)	1,213,336
Cash and cash equivalents at the beginning of the year		1,665,351	475,252	1,582,274	368,938
Total cash and cash equivalents at the end of the year		<u>1,713,983</u>	<u>1,665,351</u>	<u>1,566,729</u>	<u>1,582,274</u>

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

Notes to the Financial Statements – year ended 31 December 2021

1. Principal accounting policies

General Information

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

Basis of Preparation

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

Basis of Consolidation

The consolidated accounts of the group incorporate the accounts of the charity and its subsidiary undertakings as per note 5 of their accounts. The accounts have been consolidated on a line-by-line basis, after eliminating the intercompany balances and transactions in full.

Going concern

The trustees are confident that In Kind Direct will remain a going concern and that there are no known material uncertainties about the charity's ability to continue. A cash flow forecast has been prepared for the 12-month period following the date of signing of the accounts. This forecast includes all funding received to date as well as committed funding. Assumptions have been made around charges for goods income that show an increase of 16% growth against the 2021 targets which is in line with the 2025 strategy. Unrestricted cash balances remain positive for the whole period and are expected to exceed the minimum requirement of £100,000.

Fund Accounting

Unrestricted funds (both general & designated) 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.

Designated funds are unrestricted funds of the charity that the trustees have set aside for particular purposes. The Board of trustees agreed in 2021 to ringfence £635k of the unrestricted reserve for specific projects to support the 2025 strategy growth (see note 15 for details).

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 a specific purpose. The cost of raising and administering such funds is charged against the funds. The aim and use of each restricted fund is set out in the notes to the financial statements.

Income

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

Goods and services donated for the charity's own use

Goods, office cleaning and printing facilities, consultancy work and other 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 on the basis of the value of the gift to the charity.

Goods donated for onward distribution

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

Expenditure

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

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

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

Governance Costs – Being financial, legal, and administrative expenses incurred in connection with enabling the charitable company to comply with external regulations, constitutional and statutory requirements; and in providing support to the trustees in the discharge of their statutory duties. These costs are included within support costs.

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

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

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

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

Taxation

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

Termination costs

All costs included in terminating employee contracts are accounted for on an accrual basis and disclosed in aggregate within staff costs. Termination benefits are measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

Pension costs

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

Operating leases

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

Tangible fixed assets

Fixed assets are capitalised in the balance sheet at cost or, for donated goods, at estimated market value, except for items costing less than £2,000, which are expensed in the year of purchase. Depreciation is calculated so as to write off the cost of tangible fixed assets, less the estimated residual values, on a straight-line basis over the estimated economic lives of the assets concerned. Computers and other capital equipment is written off over three years.

Intangible fixed assets

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

Public benefit concessionary loans

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

Cash at bank and in hand

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

Debtors

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

Creditors and provisions

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

Financial instruments

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

2. Critical accounting judgements and estimation uncertainty

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

Those areas subject to judgement and uncertainty are as follows:

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

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

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

Accrued income and expenditure are estimated where no invoice has been provided. These estimates are based either on third party evidence or on known values as yet not invoiced by the group.

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

3. Other Voluntary Income

	Unrestricted Funds £	Restricted Funds £	Total 2021 £	Unrestricted Funds £	Restricted Funds £	Total 2020 £
Charitable Trusts	276,839	318	277,157	331,837	82,000	413,837
Business donations	37,826	30,000	67,826	344,914	70,000	414,914
Donations by individuals	4,318	5,682	10,000	33,785		33,785
Total Donations	318,983	36,000	354,983	710,536	152,000	862,536

4. Donated goods and services

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

	Unrestricted Funds £	Restricted Funds £	Total 2021 £	Unrestricted Funds £	Restricted Funds £	Total 2020 £
Total Value of donated goods distributed	29,198,822	-	29,198,822	10,002,005	16,302,722	26,304,727
Total Value of Services donated for own use	97,874	-	97,874	-	252,305	252,305
Total Donations	29,296,696	-	29,296,696	10,002,005	16,555,027	26,557,032

5. Subsidiary undertakings

Trading IK Limited

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

Its principal activity is generating alternative sources of income such as eBay sales and affiliate marketing agreements. The company gift aids its taxable profits to the parent company. The results for the trading company for the year ended 31 December 2021 were:

	31 December 2021 £	31 December 2020 £
Turnover	242,528	113,100
Cost of sales	(71,512)	(40,138)
Gross profit	171,016	72,962
Distribution costs	(3,226)	(11,156)
Administration costs	(3,613)	(6,528)
Profit for the year	164,177	55,278
Gift Aid to In Kind Direct	(96,599)	(41,513)
Movement in Shareholder's Funds After Gift Aid	67,578	13,765

Administration costs relate to audit fees and other professional fees from In Kind Direct to Trading IK Limited (2021: £4,800; 2020 £3,600) for the use of staff and resources. These have been eliminated on consolidation.

	£	£
Current assets	133,009	49,205
Creditors and accruals	(65,431)	(18,926)
Net Assets	67,578	30,278

At the balance sheet date the company owed a balance of £46,660 to In Kind Direct.

Subsidiary undertakings - Continued

IKDI

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

	31 December 2021 £	31 December 2020 £
Income	74,227	39,246
Expenditure	(67,868)	(64,698)
Net surplus/(expenditure)	6,359	(25,452)
Funds brought forward at 1 January	80,568	106,020
Funds carried forward at 31 December	86,927	80,568

Total expenditure relate to audit fees, travel, legal fees and other charges from In Kind Direct to IKDI (2021: £57,224 ; 2020: £57,370) for the use of staff and resources . These have been eliminated on consolidation.

At the balance sheet date the charity owed a balance of £22,041 to In Kind Direct.

6. Expenditure

	Direct cost £	Support cost £	Total 2021 £	Direct cost £	Support cost £	Total 2020 £
Cost of Charitable Activities						
Distribution of donated goods	29,198,822	-	29,198,822	26,304,727	-	26,304,727
Other charitable costs	1,036,260	1,750,598	2,786,858	1,223,999	1,494,107	2,718,106
	30,235,082	1,750,598	31,985,680	27,528,726	1,494,107	29,022,833
Cost of Generating Funds						
Fundraising activities	5,214	109,648	114,862	1,116	92,151	93,267
Trading activities	73,551	-	73,551	54,222	-	54,222
	78,765	109,648	188,413	55,338	92,151	147,489
Total Expenditure	30,313,847	1,860,246	32,174,093	27,584,064	1,586,258	29,170,322

7. Support costs

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

	Cost of Charitable Activities £	Costs of generating funds £	Total 2021 £	Total 2020 £
Management/Other	683,966	41,741	725,707	668,227
Finance & IT	206,061	12,576	218,637	189,376
Logistics	333,987	20,383	354,370	227,400
Charities	378,740	25,925	404,665	163,203
Fundraising	53,972	3,294	57,266	250,722
Premises	93,872	5,729	99,601	87,331
	<u>1,750,598</u>	<u>109,648</u>	<u>1,860,246</u>	<u>1,586,258</u>

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

Governance costs total	<u>74,121</u>	<u>85,117</u>
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8. Employees

Staff costs comprise:	Total	Total
	2021	2020
	£	£
Salaries and wages	921,202	841,093
Social security costs	97,578	82,991
Other pension costs	82,315	68,434
Org. restructure costs*	113,127	-
	<u>1,214,222</u>	<u>992,518</u>

* Organisation restructure costs comprise those costs associated with the termination of employee contracts

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

	2021	2020
Distribution of donated goods	20	18
Governance	<u>2</u>	<u>1</u>
	<u>22</u>	<u>19</u>

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

£60,001 - £70,000	1	1
£70,001 - £80,000	-	1
£80,001 - £90,000	1	-
£90,000 - £100,000	1	-
£140,000 - £150,000	<u>1</u>	<u>1</u>

The key management personnel of In Kind Direct, the parent charity, comprise the Chief Executive Officer and Executive Directors. The comparatives for 2020 comprises the CEO & 6 head of departments. The total employee benefits (including employer's national insurance contributions) of the key management personnel of In Kind Direct were £472,674 (2020: £549,150).

The trustees did not receive remuneration for their services to the company during the period (2020: £nil), however one Trustee (Graham Burrige) has received £10,890 for his service as interim finance manager until the position was filled.

No expenses incurred by any trustee were reimbursed by the charity (2020: £nil).

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

	2021	2020
	£	£
Auditor remuneration - audit fee	15,750	12,750
Operating Lease rentals	71,676	65,736
Depreciation	<u>37,989</u>	<u>39,955</u>

10. Tangible Fixed Assets

	Warehouse Equipment Unrestricted Funds £	IT Equipment Unrestricted Funds £	Total 2021 £
Cost as at 1 January 2021	15,907	-	15,907
Additions during year	2,518	5,570	8,088
Transfer to intangible assets	-	-	-
Cost as at 31 December 2021	<u>18,425</u>	<u>5,570</u>	<u>23,995</u>
Depreciation as at 1 January 2021	(12,300)	-	(12,300)
Charge for year	(6,125)	(4,177)	(10,302)
Depreciation as at 31 December 2021	<u>(18,425)</u>	<u>(4,177)</u>	<u>(22,602)</u>
Net book value as at 1 January 2021	<u>3,607</u>	-	<u>3,607</u>
Net book value as at 31 December 2021	<u>-</u>	<u>1,393</u>	<u>1,393</u>

11. Intangible Fixed Assets

	IT Systems Unrestricted Funds £	Total 2021 £
Cost as at 1 January 2021	145,345	145,345
Additions during year	<u>7,010</u>	<u>7,010</u>
Cost as at 31 December 2021	<u>152,355</u>	<u>152,355</u>
Depreciation as at 1 January 2021	(52,920)	(52,920)
Charge for year	<u>(27,687)</u>	<u>(27,687)</u>
Depreciation as at 31 December 2021	<u>(80,607)</u>	<u>(80,607)</u>
Net book value as at 1 January 2021	<u>92,425</u>	<u>92,425</u>
Net book value as at 31 December 2021	<u>71,748</u>	<u>71,748</u>

**12. Investment
(Charity)**

	Unrestricted Funds £	Total 2021 £
Shares - subsidiary company Trading IK Ltd	<u>1</u>	<u>1</u>
Cost at 1 January 2021 and 31 December 2021	<u>1</u>	<u>1</u>

13a. Debtors - unrestricted

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Prepayments	4,667	53,107	4,667	53,107
Trade debtors	86,037	53,093	9,503	10,900
Intercompany debtors	-	-	68,701	26,767
Taxation and social security	-	158	-	-
Accrued income*	40,162	22,729	40,162	15,814
	130,866	129,087	123,034	106,588

* Mostly donations recognised in the 2021 accounts but received early in 2021, and commissions due to trading subsidiary (group accounts).

13b. Debtors - restricted

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Grant income debtor*	368,716	519,023	368,716	519,023
	368,716	519,023	368,716	519,023

*This represents the value of the grant receivable by In Kind Direct until March 2025 in respect of the charity's office accommodation. The 2021 grant was received at the end of 2021

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

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Trade creditors	(82,764)	(154,985)	(66,479)	(154,034)
Accruals	(50,451)	(32,249)	(44,758)	(21,107)
Taxation and social security	(78,288)	(106,766)	(79,687)	(104,130)
	(211,503)	(294,000)	(190,924)	(279,271)

15a. Reserves (Group) 2021

	Balance at 1 Jan 2021	Income	Expenditure	Transfers between funds	Balance at 31 Dec 2021
Restricted Funds:	£	£	£	£	£
1 Lloyds Bank Premises Fund	760,303	-	(99,600)	(4,400)	656,303
2 Premises Fund 3 - dilaps	26,400	-	-	4,400	30,800
3 P&G Emergency Fund	982	-	(982)	-	-
4 Sir James Knott	-	5,000	(5,000)	-	-
5 JR Corah Foundation Fund	-	1,000	(1,000)	-	-
6 Barclays COVID-19	70,000	-	(58,723)	-	11,277
7 Santander	-	30,000	(30,000)	-	-
8 Value of goods distributed	-	-	-	-	-
Total Restricted Funds	857,685	36,000	(195,305)	-	698,380
Unrestricted Funds - General	1,277,807	32,097,804	(31,978,788)	(635,000)	761,823
9 Unrestricted Funds - Designated	-	-	-	635,000	635,000
Total Unrestricted Funds	1,277,807	32,097,804	(31,978,788)	-	1,396,823
Total Funds	2,135,492	32,133,804	(32,174,093)	-	2,095,203

Details

1. Funds to pay rent, service charge, utilities and other office running costs.
2. Funds towards legal/professional fees and office dilapidations should the office lease break clause be exercised in year 5.
3. Funds towards supporting charities helping people affected by emergency situations.
4. Funds are for the purpose of enabling charities in a particular sector or geographical location to benefit from the IKD service.
5. Same purpose as no. 4 above.
6. Funds towards helping charities in their community efforts against COVID-19.
7. Funds towards supporting IKD's operations in distributing technology products to small & medium size charities across the UK in the wake of the Covid-19 crisis.
8. These are goods which the donor company has specified must go overseas, or that have been restricted by the donor in some other way.
9. Board agreed to designate £635,000 fund for the warehouse move (£320k), systems upgrade (£150k) & research/marketing/other (£165k) to support the 2025 strategy growth.

15a. Reserves (Group) 2020

	Balance at 1 Jan 2020	Income	Expenditure	Transfers between funds	Balance at 31 Dec 2020
Restricted Funds:	£	£	£	£	£
1 Lloyds Bank Premises Fund	845,034	-	(80,331)	(4,400)	760,303
2 Premises Fund 3 - dilaps	22,000	-	-	4,400	26,400
3 P&G Emergency Fund	1,257	-	(275)	-	982
4 Sir James Knott	-	5,000	(5,000)	-	-
5 GJW Turner Trust	-	2,000	(2,000)	-	-
6 Barclays COVID-19	-	70,000	-	-	70,000
7 The Prince of Wales Charitable Foundation	-	75,000	(75,000)	-	-
8 Value of goods distributed	-	10,002,005	(10,002,005)	-	-
Total Restricted Funds	868,291	10,154,005	(10,164,610)	-	857,685
Unrestricted Funds	489,273	19,794,246	(19,005,712)	-	1,277,807
Total Funds	1,357,564	29,948,251	(29,170,322)	-	2,135,492

Details

1. Funds to pay rent, service charge, utilities and other office running costs.
2. Funds towards legal/professional fees and office dilapidations should the office lease break clause be exercised in year 5.
3. Funds towards supporting charities helping people affected by emergency situations.
4. Funds are for the purpose of enabling charities in a particular sector or geographical location to benefit from the IKD service.
5. Same purpose as no. 4 above.
6. Funds towards helping charities in their community efforts against COVID-19.
7. Funds towards supporting IKD's operations in distributing technology products to small & medium size charities across the UK in the wake of the Covid-19 crisis.
8. These are goods which the donor company has specified must go overseas, or that have been restricted by the donor in some other way.

15b. Reserves (Charity) 2021

	Balance at 1 Jan 2021 £	Income £	Expenditure £	Transfers between funds £	Balance at 31 Dec 2021 £
Restricted Funds:					
1 Lloyds Bank Premises Fund	760,303	-	(99,600)	(4,400)	656,303
2 Premises Fund 3 - dilaps	26,400	-	-	4,400	30,800
3 P&G Emergency Fund	982	-	(982)	-	-
4 Sir James Knott	-	5,000	(5,000)	-	-
5 JR Corah Foundation Fund	-	1,000	(1,000)	-	-
6 Barclays COVID-19	70,000	-	(58,723)	-	11,277
7 Santander	-	30,000	(30,000)	-	-
8 Value of goods distributed	-	-	-	-	-
Total Restricted Funds	857,685	36,000	(195,305)	-	698,380
Unrestricted Funds - General	1,166,961	31,981,947	(31,906,591)	(635,000)	607,317
9 Unrestricted Funds - Designated	-	-	-	635,000	635,000
Total Unrestricted Funds	1,166,961	31,981,947	(31,906,591)	-	1,242,317
Total Funds	2,024,646	32,017,947	(32,101,896)	-	1,940,697

Details

1. Funds to pay rent, service charge, utilities and other office running costs.
2. Funds towards legal/professional fees and office dilapidations should the office lease break clause be exercised in year 5.
3. Funds towards supporting charities helping people affected by emergency situations.
4. Funds are for the purpose of enabling charities in a particular sector or geographical location to benefit from the IKD service.
5. Same purpose as no. 4 above.
6. Funds towards helping charities in their community efforts against COVID-19.
7. Funds towards supporting IKD's operations in distributing technology products to small & medium size charities across the UK in the wake of the Covid-19 crisis.
8. These are goods which the donor company has specified must go overseas, or that have been restricted by the donor in some other way.
9. Board agreed to designate £635,000 fund for the warehouse move (£320k), systems upgrade (£150k) & research/marketing/other (£165k) to support the 2025 strategy growth.

15b. Reserves (Charity) 2020

	Balance at 1 Jan 2020 £	Income £	Expenditure £	Transfers between funds £	Balance at 31 Dec 2020 £
Restricted Funds:					
1 Lloyds Bank Premises Fund	845,034	-	(80,331)	(4,400)	760,303
2 Premises Fund 3 - dilaps	22,000	-	-	4,400	26,400
3 P&G Emergency Fund	1,257	-	(275)	-	982
4 Sir James Knott	-	5,000	(5,000)	-	-
5 GJW Turner Trust	-	2,000	(2,000)	-	-
6 Barclays COVID-19	-	70,000	-	-	70,000
7 The Prince of Wales Charitable Foundation	-	75,000	(75,000)	-	-
8 Value of goods distributed	-	10,002,005	(10,002,005)	-	-
Total Restricted Funds	868,291	10,154,005	(10,164,611)	-	857,685
Unrestricted Funds	366,740	19,705,959	(18,905,738)	-	1,166,961
Total Funds	1,235,031	29,859,964	(29,070,349)	-	2,024,646

Details

1. Funds to pay rent, service charge, utilities and other office running costs.
2. Funds towards legal/professional fees and office dilapidations should the office lease break clause be exercised in year 5.
3. Funds towards supporting charities helping people affected by emergency situations.
4. Funds are for the purpose of enabling charities in a particular sector or geographical location to benefit from the IKD service.
5. Same purpose as no. 4 above.
6. Funds towards helping charities in their community efforts against COVID-19.
7. Funds towards supporting IKD's operations in distributing technology products to small & medium size charities across the UK in the wake of the Covid-19 crisis.
8. These are goods which the donor company has specified must go overseas, or that have been restricted by the donor in some other way.

16. Donation of services for own use

The financial statements include the following donated services

	2021	2020
	£	£
Web hosting & IT services	63,500	33,250
Marketing & PR	28,074	-
Consultancy	6,300	216,500
Staff costs/training	-	2,555
	<u>97,874</u>	<u>252,305</u>

17. Obligation under operating lease

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

Minimum rentals falling due:	2021	2020
	£	£
Within 1 year	53,757	53,757
Between 1 and 5 years	161,386	215,143
More than 5 years	-	-
	<u>215,143</u>	<u>268,900</u>

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

18. Related party transactions

Due to the nature of the IKD group charitable activities which relies on donated goods by companies and the composition of the board of trustees being drawn from corporations, transactions may take place with businesses in which the trustees have an interest. All transactions involving such companies are conducted in accordance with the requirements of the SORP and followed the IKD financial policies & procurement procedures relating to connected and related party transactions. All Board members are required to sign a related party disclosure.

His Royal Highness, The Prince of Wales is Royal Founding Patron of In Kind Direct.

The total amount of donations made by trustees to the charity in 2021 was £15,682 (2020: £10,625).

19. Capital commitments

There were no capital commitments at the end of 2021 (2020: nil).

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

	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(40,289)	777,929	(83,949)	789,615
Adjustments for:				
Depreciation	37,989	39,955	37,989	39,955
Dividends, interest and rents from investments	-	(212)	-	(212)
Decrease/(increase) in debtors	148,527	284,187	133,860	299,738
Increase/(decrease) in creditors	(82,497)	124,579	(88,347)	120,580
Net cash provided by/(used in) operating activities	<u>63,730</u>	<u>1,226,439</u>	<u>(447)</u>	<u>1,249,677</u>

21 Post Balance Sheet Events

A loan of £20,000 was granted by IKD International to IKDI Singapore to assist with its development. The loan was unsecured and repayable annually in four equal instalments commencing on the fourth anniversary of the date of the loan agreement (10 May 2018). Interest accrues daily on the loan, chargeable at one percentage point above the Bank of England base rate, with interest levied payable quarterly in arrears. The IKDI Board approved at their March 2022 meeting to write-off the loan after they were informed the plan to close the IKDI Singapore operation at the end of 2022.