

SPIRIT OF 2012

Financial Statements for the year ended 31 March 2017

Registered Charity Number - 1155110



Spirit of 2012

Year Ended 31 March 2017

Registered Charity Number – 1155110

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Trustee's Report

For the Year Ended 31 March 2017

Trustee	The sole Trustee is Spirit of 2012 Trustee Limited as Corporate Trustee
Directors	The Directors of Spirit of 2012 Trustee Limited throughout the year were: Dugald Mackie – Chair Sir Harry Burns Paul Cuttill OBE Jane Lady Gibson Linda Grant Efa Gruffudd Jones MBE Vikash Gupta Carl Konadu Swati Patel Susannah Rodgers MBE David Watters
Secretary and Trust Administrator	Debbie Lye
Protector	Jon Siddall
Solicitors and Company Secretary to Spirit of 2012 Trustee Limited	Bates Wells Braithwaite 10 Queen Street Place London EC4R 1BE
Registered office	Room S100, New Wing Somerset House, Strand London WC2R 1LA
Head Office	Room S100, New Wing Somerset House, Strand London WC2R 1LA
Auditors	HW Fisher & Company Acre House 11–15 William Road London NW1 3ER
Bankers	Metro Bank One Southampton Row London WC1B 5HA
Investment Managers	Barclays Wealth Management 1 Churchill Place London E14 5HP

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The Trustee presents its annual report and Financial Statements of the Charity for the year ended 31 March 2017. The Financial Statements have been prepared in accordance with the accounting policies set out in note 1 to the Financial Statements and comply with the Trust Deed, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their Financial Statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015).

In preparing this report and Financial Statements, the Trustee has complied with its duty in Section 17 of the Charities Act 2011 to have due regard to the guidance published by the Charity Commission. The benefit to the public is manifestly demonstrated by the achievements contained in this report.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Structure

Spirit of 2012 (known as Spirit), is a charitable trust registered on 20 December 2013 (charity number 155110) and its governing document is the Trust Deed dated 7 October 2013. It was granted a £40 million endowment from the Big Lottery Fund ("the Founder") on 20 December 2013. The sole Trustee of Spirit of 2012 is a company limited by guarantee, Spirit of 2012 Trustee Limited ("the Trustee"), which was incorporated on 4 April 2013.

The Board of Directors of the Trustee, under Chair Dugald Mackie, was appointed in April 2013. Spirit became operational on the appointment of the Chief Executive and made its first grant awards in early 2014. In April 2014, the Big Lottery Fund novated the management of five *Keeping the Spirit of 2012 Alive* programmes to Spirit and on the same day transferred £4.57 million to Spirit as restricted funding for those projects. The Big Lottery Fund subsequently added £2.5 million to the endowment to Spirit to support development of a Theory of Change and Monitoring and Evaluation framework, and to fund early projects to deliver Spirit's mission.

On 29 March 2014, a Deed of Amendment to the Spirit of 2012 Trust Deed was made, with the consent of the Founder and Protector, to clarify the charity's objects and amend the definition of the Protector's role.

Governance

The strategic direction is set, and decisions made, by the Board of Directors of the Trustee. Directors are fully responsible for governance. Under the terms of the Trust Deed, Jon Siddall was appointed as Protector for an initial three-year term until December 2016 with a duty "to ensure the integrity of the administration of the Charity and the propriety of its procedures". The Protector does not participate in the Charity's decision making, although the deed stipulates that his consent is required in specified situations. The Protector is required to report any matters of serious concern to the Founder. The Big Lottery Fund has since appointed him for a further three-year term until December 2019.

The present Directors were appointed, re-appointed or recruited in accordance with the terms of the Articles of Association. The Directors throughout the year were as follows:

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Dugald Mackie – Chair

Sir Harry Burns

Paul Cuttill OBE

resigned 14 September 2017

Jane Lady Gibson – Vice Chair

Linda Grant

Efa Gruffudd Jones MBE

Vikash Gupta

appointed 13 April 2016

Carl Konadu

Swati Patel

appointed 13 April 2016

Susannah Rodgers MBE

David Watters

Throughout the year three committees of the Board supported governance, human resource, risk, financial management and the investment strategy. Each includes at least two Directors of the Trustee. These are:

Finance & Investment Committee

– chaired by Paul Cuttill OBE

Audit & Risk Committee

– chaired by David Watters

Recruitment & Remuneration Committee

– chaired by Dugald Mackie

In September 2016, the Board agreed to establish and set terms of reference for a fourth committee to look at the impact of the Charity's grant-making. The Programme Impact Evaluation Committee met once during the year. It is chaired by Jane Lady Gibson.

Director recruitment and training

Directors are appointed by the Board to provide the skills, sectoral, national and regional knowledge required by the Charity. The four most recent appointments were made through an open recruitment process managed by Trustees Unlimited. Before making appointments, Spirit checks Charity Commission and Companies House registers of disqualified Directors. There is an induction process for new Directors, who receive a Board pack including relevant policies and strategies, the most recent audited report and accounts and the details of the governance and operational structure of the Charity. Our legal advisor, Bates Wells Braithwaite, acts as Company Secretary with responsibility for filing the Trustee's Annual Confirmation Statement at Companies House.

In addition to the formal committees there are two informal Board panels. These are the Spirit of Achievement Panel which focuses on the Charity's role in increasing opportunities for disabled people, and the Board Effectiveness Review Panel, which has developed a focused action plan of training and development activities for the Directors. The first Spirit Board Residential on 27-28 September 2016 was a recommendation of the Board Effectiveness Review Panel. The Residential enabled Directors to engage in strategic planning and a review of aspects of governance as well as to share their motivations for being on the Board and get to know each other and the executive team better. All but two Directors attended and they felt that it was of value in enabling them to work together and with the executive team more cohesively.

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Director attendance at Board and Committee Meetings

Board Member	Committee Membership	Board Meetings 2016/17	F&I*	A&R	R&R	PIE
Dugald Mackie	Chair, Recruitment & Remuneration Finance & Investment	4 / 4	3 / 4		3 / 3	
Sir Harry Burns	Programme Impact Evaluation	4 / 4				1 / 1
Paul Cuttill	Chair, Finance & Investment Recruitment & Remuneration	4 / 4	4 / 4		3 / 3	
Jane Gibson	Programme Impact Evaluation	4 / 4				1 / 1
Linda Grant	Finance & Investment	4 / 4	2 / 4			
Efa Gruffudd-Jones	Recruitment & Remuneration	2 / 4			1 / 3	
Vikash Gupta	Finance & Investment	3 / 4	4 / 4			
Carl Konadu		3 / 4				
Swati Patel	Programme Impact Evaluation, Audit & Risk	4 / 4		1 / 2		1 / 1
Susie Rodgers	Programme Impact Evaluation, Audit & Risk	1 / 4		1 / 2		1 / 1
David Watters	Chair, Audit & Risk	4 / 4		2 / 2		

Conflicts of interest, related parties and other connected bodies

The Spirit Conflicts of Interest Policy stipulates that neither the Trustee nor individual Directors shall have any personal interest in the Charity's money or property and shall not be remunerated. If any conflicts of interest of this nature occur, the Protector must be notified.

Spirit's remit involves the Charity in working with leading organisations across the fields of sport, arts, events organisation, volunteering, community development and disability. Directors may themselves be engaged in these fields, and so close relations between Directors and stakeholder organisations sometimes arise. Details of related parties and relevant transactions are logged in a Register of Interests, maintained according to the Conflicts of Interest Policy, and in Board meeting minutes, where the Agenda so requires. They are disclosed in note 23 to the Financial Statements. The Executive maintains a gifts and hospitality register for both Directors and the Executive.

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Management

The Spirit Executive comprises Chief Executive Debbie Lye and Director of Policy and Research Ruth Hollis who lead the Senior Management Team which includes Jane Duncan (Head of Finance), Neil Rodger (Head of Communications) and Amy Finch (Head of Learning & Impact). The Spirit team is completed by Alex Johnston, Helen Killingley and Helen Spedding (Grant & Learning Managers) and Linda McRoberts (Governance Co-ordinator).

Business objectives

An annual Operational Corporate Plan (OCP) sets out strategic objectives, derived from the Charitable Objects, and the business objectives which guide operational planning and implementation. These are:

- ✦ Effectively and efficiently manage Spirit to the governance standards required by the Board and the Big Lottery Fund.
- ✦ Lead and manage a team that embodies the Spirit values and furthers our strategic objectives while supporting staff development and recognising their achievements.
- ✦ Implement sound, disciplined, timely and secure financial management & investment oversight.
- ✦ Maintain and increase the profile of Spirit of 2012, so that key stakeholder audiences recognise the impact of Spirit's funding and understand our values, impact and working methods.

Risk management

Spirit has a Risk Management Policy to enable the Board and Executive to protect property, assets and other resources, including the health and safety of employees and partners; to safeguard business continuity; to ensure Spirit and the organisations we fund deliver on obligations; and to maintain the Charity's reputation. The Board recognises the Charity's activities may entail exposure to risk, and regularly and methodically assesses exposure to risks and issues, identifying appropriate actions to avoid, manage or mitigate their impact.

The Audit & Risk Committee reviewed the Risk Management policy in January 2016. The purpose of the policy is to:

- ✦ embed risk management at every level of governance and operations;
- ✦ create a systematic approach to risk management as an integral element of strategic, operational and performance management;
- ✦ help identify, quantify and manage risk in accordance with best practice;
- ✦ ensure clear accountability for risk and issue ownership, impact assessment, effective mitigation and contingency planning.

These objectives are achieved by:

- ✦ allocating risk management roles, responsibilities and processes to named individuals;
- ✦ making risk assessment integral to all decision-making, business planning and management processes;
- ✦ assessing risk, and applicants' risk management capability, when considering all grant applications;
- ✦ reviewing risk management policy and processes during annual internal audits;
- ✦ reinforcing risk management through quarterly operational corporate plan reviews and staff development activities;
- ✦ effectively managing and resolving risks that materialise and become issues.

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Principal risks and impact on future activities

The organisation maintains separate Risks and Issues Registers. The Risk Register is used to identify, quantify (according to an aggregate of likelihood and impact), mitigate and control four categories of risk: delivery, financial, reputational and people. The Board has agreed and defined the following risk levels, which are consistent with the Institute of Risk Management's standards. These are insignificant, moderate, major and catastrophic.

The most significant risks over the period were in the following areas:

- ✘ potential impact of staffing changes
- ✘ the challenges some partners faced in engaging beneficiaries in sufficient depth across dispersed locations.

Spirit has managed the internal risk by operating a three month notice period, moving quickly to activate recruitment campaigns and employing temporary staff to cover gaps; and the external risk by being prepared to take decisive action when project delivery falls short of expectations, and by maintaining regular senior review meetings with partners managing larger more complex grants.

The Senior Management Team has maintained a separate register of issues, which is held confidentially because of the sensitive information it contains. During the year there were four issues: A criminal prosecution of a grantee related party for fraud; (now removed as the case has been heard and resulted in no financial damage to Spirit), staff capacity (since reclassified as a risk), management of funding expectations we are unable to meet (this has also ceased to be a live issue) and an employment dispute.

The Programme Management Team and the Head of Finance maintain risk registers for their business areas. Risks that they identify and assess as major are escalated onto the organisational Risk Register which is subject to quarterly review by the Board and to more detailed scrutiny biannually by the Audit & Risk Committee.

While there is recognition that Spirit cannot control external environmental risks – for example, macroeconomic factors like inflation, interest rates and changes in government legislation – risks or issues that affect the Charity arising from external influences are included in the appropriate register.

Funding strategy

Spirit makes grants within the framework of the Funding Strategy agreed by the Board. This explains what the Charity will fund, who is eligible for funding, how funding is awarded and managed and expectations of grant recipients.

There are three parts to the strategy:

1. Guiding Principles that give the underpinning rationale for funding decisions.
2. Eligibility criteria for:
 - a. who can apply for Spirit funding
 - b. what we will fund.
3. Grant-making principles and processes.

During the periods when funding opportunities are open, all the information that applicants need to apply appears on the Spirit website. The opportunities are also advertised through social media. Spirit does not fund applications that fail to meet the specified criteria, or unsolicited applications submitted outside the advertised opportunities.

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Funding: summary of the guiding principles

1. Spirit funds activities that fulfil the charitable objects in its Trust Deed.
2. Spirit is a UK-wide body funding all nations and regions of the UK.
3. Spirit aspires to inspire and support sustainable change.
4. Spirit aims to be a supportive funder across all our grant-making.
5. Spirit is a strategic funder.
6. Spirit sometimes commissions proposals.
7. Spirit is interested in funding innovative organisations and approaches.
8. Spirit will offer at least one Challenge Fund opportunity each year.
9. As a learning organisation Spirit is committed to collecting, recording and sharing best practice.
10. Spirit publishes information about what we fund and why.

The full Funding Principles and the broader Funding Strategy are published on Spirit's website <http://www.spiritof2012trust.org.uk/funding/funding-strategy>. Directors have taken the Charity Commission's general guidance on public benefit into account in planning the Funding Strategy and making grant awards.

Grant management

Once the Board has awarded a grant, the Executive issues a grant agreement letter setting out how they will work with the successful applicant during the period of the grant, and their expectations relating to financial and activity reporting, monitoring and evaluation and communications. Spirit then invites the grant recipient to a grant set-up meeting to talk through these requirements and to address any issues or concerns.

Finally, the Spirit Chief Executive and a senior representative of the grant recipient sign the grant agreement letter – at which point it becomes legally binding. For more complex grants involving multiple partners, additional partnership agreements may be put in place.

Financial management

Spirit maintained existing, and adopted a number of new, financial policies and processes in the period to safeguard the custody and maximise the income of the endowment as well as to maintain efficient oversight of day-to-day financial transactions.

The endowment is managed by Barclays Wealth, under the direction of the Finance & Investment Committee. This year, although the short-term portfolio gains have been small in line with the continuing low level of interest rates, the overall portfolio has seen significant gains as the stock market has risen. In October 2016, the Board advised the Investment Managers to take the opportunity of selling a Structured Note product in order to realise a significant gain, leaving the Charity with a substantial cash balance in the short-term.

In March 2017, the Finance & Investment Committee reviewed and revised the Investment Policy that provides Barclays Wealth with a framework for their investment strategy. The revised Policy takes into account the stage reached in the ten-year term of the endowment as well as the whole term and short-term cash flow forecasts that are jointly produced by the Director of Policy & Research and the Head of Finance. Barclays Wealth has shared three investment strategy scenarios with the Board and suggested a range of lifetime returns for

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each one. While recognising that even within a conservative investment strategy it is not possible to predict where markets will go over the next six years, the Board opted to maintain the existing strategy for a further year and to review the options again in 2018.

Programme grant expenditure is agreed by the Board. Under a lifetime (seven-year) programme strategy approved by Directors on 28 September 2016, the Board has allocated funding across specified projects or programme areas including actual or, in the case of grants not yet awarded, planned annual cash flow projections. Both programme and core expenditure are profiled within the annual budget that the Board agrees at the commencement of each financial year.

The Procurement Policy specifies that the Charity must tender for services valued at more than £10,000 to achieve best value for money. Any individual contract valued at more than £10,000 requires the approval of a Director of the Trustee Company.

Performance management

At the beginning of each financial year, staff agree personal objectives with their line managers. These align with the strategic and business objectives set out in the Operational Corporate Plan (OCP). Personal objectives are supplemented by up to three training and development objectives to form the personal development plan (PDP). The OCP and the PDPs are each reviewed quarterly. At the end of each year, staff and line managers together assess their individual performance against their personal and development objectives and with Spirit's core competencies: Building and Maintaining Effective Working Relationships, Communication, Delivering Results, Innovation, Planning and Organising and Living the Values.

The PDP process is an aspect of the Charity's duty of care to employees – it has a dual purpose, to support the personal and professional development of staff and to ensure that all staff contribute to the achievement of the organisational objectives and delivery of our mission. There is no remuneration element to our performance management system and Spirit does not operate an individual bonus scheme. We benchmark all salaries within four salary bands, Contributor, Manager, Leader and Chief Executive, and publish a specific figure from within the appropriate band when a role is advertised. Successful candidates must agree their actual starting salary with us before they receive a formal written job offer and take up their post. In December 2016, the Board also commissioned a pay and grading review. The recommendations included the production and internal publication of an explicit salary-setting policy which is now in place.

OBJECTIVES & VALUES

Objectives

Following the success of the London 2012 Olympic and Paralympic Games, the Big Lottery Fund expressed the intention to 'keep alive' the spirit and momentum of the Games by founding and endowing a charitable trust to support initiatives that encourage the celebration of future events through participation in sport, arts and volunteering and to challenge limiting perceptions of disability throughout the UK. The Charity was founded for the purpose of building on this overwhelmingly positive spirit in London which generated an abundance of goodwill and enthusiasm across the UK.

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Charitable objects

The Trust Deed states that the Trustee shall use the endowment for the promotion of the following charitable purposes for the benefit of the public throughout the United Kingdom of Great Britain and Northern Ireland:

- ✂ the advancement of education of children and young people including, but not limited to, sporting and cultural activities by encouraging good citizenship;
- ✂ increasing the effectiveness and efficiency of the voluntary sector by encouraging members of the public to engage in activities to help others on a voluntary basis;
- ✂ the development of the capacity and skills of members of socially and economically or socially disadvantaged communities in such a way that they are better able to identify and help meet their own needs and to participate more fully in society;
- ✂ promoting greater understanding, and meeting the needs, of people with disabilities and, thereby, encourage their social inclusion and use of training and other activities to build their confidence and inspire others.

Mission

Spirit was founded to continue and recreate the spirit of pride, positivity and social connectedness that people experienced during the London 2012 Games. We invest to create good outcomes for people and communities

Strategic objectives

These encapsulate elements of the charitable objects and Founder's wishes:

1. Use local and national events as platforms to encourage community participation in arts, culture & sport and contribute to wellbeing.
2. Enhance the volunteering infrastructure of the UK for community benefit, drawing on other successful initiatives.
3. Engage, enable and empower young people as leaders in schools, communities and nationwide, enhancing their employability.
4. Challenge people's perceptions of disabled people (including self-perceptions).
5. Collect, consider and disseminate learning gained by Spirit and others to inform and enhance public understanding of the contribution our priority areas make to individual and social wellbeing.

Values statement

We are not a faceless funder; we stay close to our projects. We invest in happiness by empowering people to get active, creative and connected so they feel better. We always strive to be:

- ✂ **Fair:** committed to transparency and equal chances
- ✂ **Focused:** Channelling our effort to nudge the world closer to our vision
- ✂ **Forthright:** straightforward, open and upfront with everyone
- ✂ **Friendly:** kind, always treating others with respect

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ACHIEVEMENTS AND PERFORMANCE

Grant making

During the period, Spirit entered into 14 new grant agreements with organisations to deliver projects across the UK. In addition the charity made additional grant awards to two existing grantees: the UKCF and the Southbank Centre. Nine project grants closed during the year. At the end of the year, the Charity was managing 34 live grants. Spirit has committed a total of £26.5 million in grant expenditure across all nations and regions of the UK since inception: £8.2 million of that was committed over the year.

Programme income & match funding

In 2013, the Board of Directors agreed with the Big Lottery Fund a target of £20 million to be generated as income or match funding over the 10-year lifetime of the Trust. To date, Spirit has secured £10.73 million in match funding and received grant income of £1.35 million making a total of £12.08 million. In addition, grant recipients and funding partners have committed a further £9.73 million, as recorded in grant agreements.

Programme strategy

The strategy is in line with the Founder's intention that Spirit of 2012 should fund activities that use major events, such as the Glasgow 2014 Commonwealth Games, as catalysts for social change.

The Charity's commitment to individual and social change is represented in a Theory of Change and an Impact Statement. From the outset, the Board has prioritised the collection, analysis and sharing of learning about the outcomes and impacts generated by its grantmaking. To this end, Spirit developed a Theory of Change as a common reporting framework across Spirit's diverse range of funded projects which enables the measurement of progress towards eight high-level outcomes, using a suite of agreed indicators.

Two outcomes – improved wellbeing and changed perceptions of disabled people – are compulsory core outcomes that all Spirit grantees must aim to achieve and measure progress against. The outcomes are contributory to the Theory of Change Impact Statement below.

Spirit of 2012 impact statement

"We believe that enabling people to participate in a wide range of inclusive activities and engaging together in their communities will:

- ✧ improve the wellbeing of individuals, communities and society as a whole
- ✧ improve perceptions towards disability and impairment
- ✧ lead to greater social cohesion and understanding"

The impact statement, outcomes and indicators are integral to all Spirit grant applications, which are assessed on the quality and rigour of proposals to work towards them.

Programme activity strands

The programme strategy focuses on achieving beneficial outcomes for people through volunteering, youth leadership development and increased opportunities for disabled people in the context of national or local cultural, heritage and sporting events.

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The projects Spirit funds enable people to be Active, Connected and Creative. These three activity strands directly relate to known domains of improving wellbeing and highlight our commitment to promoting social cohesion and community connectedness.

The activity strands are underpinned by a commitment to inclusion which means making sure that our grants bring disabled and non-disabled people together on an equal basis to participate in activities, and in the development and leadership of the projects.

The fourth funding strand is a new 'Incubator' strand, established in response to feedback from the Board that Spirit should use our resources, and our influence as a Funder, to nurture new ideas and support models that have been piloted to upscale. Every two years £100,000 of this is ring-fenced to fund themes and projects selected by the Spirit of 2012 Youth Advisory Panel. Challenge Fund grants also come from the Incubator strand.

There is further information about all funded projects and programmes on the Spirit website <http://www.spiritof2012trust.org.uk/>

Projects Funded during the year

The following list includes all the 42 projects funded during the year, 16 of which have closed, while 14 new grants were awarded. At the end of the year there were 34 live projects as well as several in the pipeline which are outlined under Plans for the Future. The list also includes three initiatives that further Spirit charitable objects through contracts awarded to the Fawcett Society for Changemakers, Sporting Equals for the BEDSA awards and Participation People to support the Youth Advisory Panel. There is more about all of these projects on our website.

Active

Everybody Dance is a project run across 5 Lancashire locations by user-led DanceSyndrome. The project features regular, inclusive dance sessions and showcases events that are delivered by disabled and non-disabled dance leaders working together.

Get Out Get Active is a grant of £4.5million to the English Federation for Disability Sport for a four-year UK wide initiative to support inclusive physical activity, particularly to engage the least active, in eighteen localities across the UK.

Get Set's Road to Rio. In 2014 Spirit awarded the British Olympic Foundation £600,000 for a project that used the power of the Olympic and Paralympic Games to support young people in understanding and living the Olympic and Paralympic values and to encourage young people to be physically active and form teams to walk, swim, run, dance, cycle or otherwise cover 9,298km – the distance between the London and Rio Olympic stadium. The project closed during the period.

Legacy 2014 Physical Activity Fund. Spirit administers this Glasgow Commonwealth Games Scottish Government legacy initiative. Phase 1 involved funding and monitoring 11 projects across Scotland designed to encourage people to become, and stay, active. In March 2017 Spirit hosted the Golden Nuggets conference in Edinburgh which brought policy-makers, practitioners and academics together to discuss and share emerging learning about what works to engage people in activity. Phase 2 of the project is now rolling that out through Road Shows and six Physical Activity Ambassadors who are supporting other organisations in

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Scotland to replicate the most effective approaches.

Project Seafarers by Stopgap Dance trains local dance teachers across the east of England to deliver Stopgap's inclusive syllabus across a programme of workshops, culminating in a mass dance spectacle to be staged in Yarmouth as part of the Norfolk and Norwich Festival in 2018 and 2019.

Spirit of Rugby was inspired by England's hosting of the 2015 Rugby World Cup and the admission of rugby sevens into the 2016 Rio Olympic Games. Delivered by the Rugby Football Union (RFU), the project is designed to increase engagement in rugby union, in a variety of ways including playing all formats of the game, reaching out to non-rugby communities and volunteering in fifteen locations across England. Local activities are devised and led by 16-24 year olds for their peers. The project is coming to a phased close with two community initiatives (Darlington and Croydon) finishing in January 2017.

Connected

BEDSA Spirit of 2012 Connecting Communities Award. Spirit entered into a contract with Sporting Equals to sponsor this British Ethnic Diversity in Sport Award (BEDSA) with the aim of highlighting the importance we place on increasing social cohesion. The award was presented in March 2017 to Barking Al-Madina Centre for their excellent integrated multi-sport community project.

Changemakers. During the year, Spirit awarded a contract through a competitive tendering process to the Fawcett Society to stage a conference drawing attention to the approaching centenary of women gaining the right to vote in the UK and to run a small grants programme. In November 2016, two conferences featuring high profile women and attracting diverse audiences were held in London and Manchester. The small grants programme is outlined under Future Plans.

Do it for Real is funded jointly by Spirit and Comic Relief. It supports young people to develop social entrepreneurship through a grant programme managed by UnLtd and is supported by local on-the ground mentors throughout the UK. The project has made 264 awards to date.

Fourteen is a £3.5 million initiative, awarding funding to 14 communities across the UK to envision and implement community projects that connect and empower local people, inspire community pride and increase volunteering and engagement in sport and cultural activity. Twelve projects are managed in Scotland, England and Wales by the UK Communities Foundation and two are managed in Northern Ireland by Springboard CIC.

Inclusive Futures closed during the year. Through it the Youth Sport Trust delivered inclusive training to 1,700 young volunteers across 9 cities, 57% of whom self-identified as disabled. The project also deployed these young volunteers at local, regional and national events and has significantly shifted perceptions among beneficiaries with a rise from 63% to 91% of those involved believing that disabled people can live as full a life as non-disabled people.

Inspired Action managed by the British Red Cross published a toolkit of guidance on inclusive volunteer training and support at a national conference in York in February 2017. The guidance is designed for both internal use by the British Red Cross and for other organisations looking to diversify their volunteering base.

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National Paralympic Carnivals delivered by the British Paralympic Association in partnership with EdComs delivered six National Paralympic Festivals, workshops and torch relays in schools and parks across England, Scotland and Wales to coincide with the Rio 2016 Paralympic Torch lighting ceremony in Stoke Mandeville and the Games themselves.

Reading Rooms – Beyond the Walls is one of two projects selected by the Youth Advisory Panel this year. This multi-agency project is managed by Verbal Arts in Derry/Londonderry and involves the NIACRO, policing, probation and Youth Justice services. The aim is to increase literacy among young offenders and to offer young offenders opportunities to develop mentoring and support skills by running the literacy workshops.

Sporting Memories Uniting Generations. This project, which closed in June 2016, enabled the Sporting Memories Foundation to develop engagement and training modules that bring young people and older people together to capture and share memories of iconic sporting events. It has been recognised as an innovative and effective method of tackling loneliness, depression and dementia. After road-testing in Bristol, Salford and Dunbar, Sporting Memories Foundation secured a large grant of almost £500,000 to continue and expand their work.

Team Personal Best Volunteering aims to use the increased profile of athletics around the 2017 World Athletics and IPC Athletics Championships to increase the number, diversity and skillsets of athletics volunteers – particularly focusing on engaging young people in club settings. The grant was awarded to England Athletics in September 2016 following a needs assessment report funded by a separate Spirit research grant to England Athletics Spirit in April 2016.

Volunteering Spirit Wales/Ysbryd Gwirfoddoli Cymru led by the Wales Council for Voluntary Action has engaged organisations in sharing and establishing good practice guidelines for events volunteering management that can be embedded in and applied consistently to diverse events ranging from international sporting championships to Eisteddfods.

WOW Spirit. In November 2016, the Southbank centre staged WOW Spirit Bradford, the first of nine festivals our grant to them will fund over three years. After extensive city-wide consultation with women and girls to ensure the programme content engaged with local concerns, it attracted large and diverse audiences, 12% ahead of target, and gained the enthusiastic backing of Bradford City Council, local media and local schools.

Creative

Circus Aurora is a three-year Streetwise Circus programme of high-quality circus workshops into rural parts of Northern Ireland – specifically Ballycastle, Downpatrick and Omagh. The project offers people from across the communities the chance to take part in circus workshops, which develop their skills whilst also increasing their wellbeing and challenging negative perceptions of disability. It includes opportunities to perform at local events.

Cultural Shift is a performance arts project run by Stockton Arts Centre to promote disability equality. It aims to challenge negative perceptions of disability and create more opportunities in the arts. It has generated innovative ideas such as *Arctic Piranha* club nights that create a space for learning-disabled adults to socialise together.

Emerge. In April 2016, the Board approved a grant of £963,140 to The Mighty Creatives for a project, across 12 East and West Midlands locations, which develops the voice and

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confidence of young people, inspired by the 400th anniversary of Shakespeare's death. During the year young artists were trained and deployed to run youth workshops in Corby, Horncastle, Tamworth and Wolverhampton.

Hull 2017 UK City of Culture. As a Principal Partner of Hull 2017, Spirit is funding work to realise the transformative effects of arts and culture on the health and wellbeing of individuals and diverse communities including support for the 4,000 Hull volunteers, the highly acclaimed Made in Hull opening son et lumière show and programmed events including The Flood, LGBT 50 and Look Up.

Making Routes is managed by Oasis Play and is an inclusive project connecting young people and local arts venues including Battersea Arts Centre and the South London Gallery along the south London 345 bus route.

Our Day Out is one of the three Challenge Fund projects awarded in July 2016. Creative Arts East is working to extend their provision of cultural participation for people with dementia and life-long illnesses, including over 70s, their carers and friends, to 6 communities across rural Norfolk.

Rhythm and Respect is an inclusive music project in Plymouth managed by MusicZone. It is a Youth Advisory Panel award.

Team London Young Ambassadors, delivered by the Mayor of London's Volunteer Programme for Schools in partnership with We Day, closed during the year. Overall the project was a great success in raising young people's awareness of and involvement in volunteering and social action. It engaged over 400,000 young people across London state schools, including reaching 950 new schools during the project. When the project closed 107,000 young people had remained engaged in volunteering after their short term voluntary projects closed, and 80% of London state schools were sustaining the project.

Unlimited Impact, the grant to the Shape Arts/ArtsAdmin partnership project to develop the careers of and audiences for young disabled artists concluded during the year. In July 2016, the Board agreed to make a continuation grant award for a further three years of work and in March 2017 Unlimited announced five new *Unlimited Impact* awards to projects including music, dance and the visual arts.

Viewfinder continues to support the training and skills development of learning disabled young film-makers in the Newcastle area.

Voluntary Arts. This grant closed during the year after operating with Spirit for three years. It enabled Voluntary Arts to develop their capacity and reach by creating seven new part-time development officer posts which allowed them to introduce an area-based approach in England. It dramatically increased the scale and profile of Epic Awards and Voluntary Arts Week. In their final report, they stated that Spirit funding helped them to function more effectively as a single UK-wide organisation, whilst remaining true to the principles of their devolved structure.

Incubator Fund

Hit the Top Roadshows organised by the Change Foundation in March 2017 in Canterbury, Brighton, Cromer and Sheffield trained 175 teachers and sports coaches to understand and

Spirit of 2012

Trustee's Report

For the Year Ended 31 March 2017

work around barriers to the participation of disabled people, equipping them with innovative techniques and practical guidance in disability sports coaching.

One Million Mentors. Spirit awarded an Incubator grant to youth leadership organisation UpRising to develop an online mentoring platform. The pilot version of the platform is now live and recruiting mentors from Manchester, Cardiff and London.

Youth Advisory Panel (YAP)

Spirit also supports the development of young people through the Charity's Youth Advisory Panel (YAP). YAP members receive coaching and mentoring, contribute to grant programme design and assessment, determine their own small grants programme, represent Spirit at events and speak, blog and contribute to our social media. The two-year term of the first Spirit YAP concluded in January 2017 and in the autumn of 2016, Participation People ran a recruitment campaign to identify a second cohort. Carl Konadu, the YAP Chair and Spirit Board Member, will remain in post until January 2018 to provide continuity and help mentor the new YAP members. The new YAP met for the first time at an induction residential in February 2017 and, with succession planning in mind, have appointed two Vice Chairs through an internal competitive recruitment campaign.

IMPACT AND OUTCOMES REPORTING

In making the endowment, the Big Lottery Fund expressed the expectation that Spirit's investment in events-inspired activities would contribute to the store of knowledge and understanding about how events can benefit communities. The Charity, therefore, places significant emphasis on monitoring and evaluation, treating data collection as an integral and formative part of the development of any funded project.

Monitoring, evaluation and learning

In October 2014, Spirit contracted with inFocus Enterprises as an external evaluator for an agreed three-year period up to October 2017 when they will produce a summative report on the cumulative impact of the first three years of Spirit of 2012 project funding.

The contract also includes formative and process evaluation – the former creating a culture in which Spirit and its grant holders collaborate to share early learning and evaluate different approaches to collecting key performance indicator evidence of progress towards achieving their project outcomes. These are shared across all Spirit grant partners via channels including annual learning hubs. The second of these, hosted in central London on 12 May 2016, brought over 20 organisations together with Spirit of 2012 to consider lessons learned to date, particularly around wellbeing identification and measurement, and to encourage new collaborations among partners.

inFocus Enterprises also carries out process evaluation of Spirit's grant making and management processes, providing the Charity with annual reports. These are discussed and analysed by the Programme Evaluation Advisory Panel (PEAP), an informal committee of the Board of Directors chaired by Jane Lady Gibson and involving Sir Harry Burns, Swati Patel and Susie Rodgers and two external members. PEAP's advice has informed programme design and the development and focus of the subsequent evaluation contract annual plan. During the

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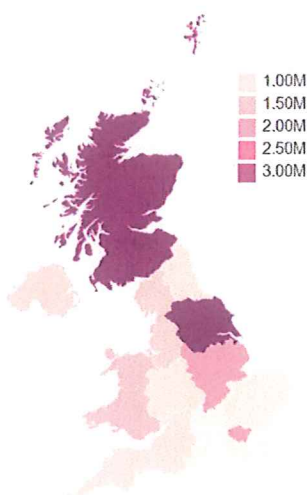
For the Year Ended 31 March 2017

year the Board agreed to change the status of PEAP which from September 2016 became a formal Committee of the Board, the Programme Impact and Evaluation Committee (PIEC).

Spirit has also hosted a learning event at the Southbank Centre on the theme of social connectedness, the Golden Nuggets physical activity conference in partnership with the Scottish Government in Edinburgh and a Fourteen seminar for representatives of all the communities as well as the UKCF and Springboard in Glasgow.

Impact Report

- ✦ By the end of the period Spirit grants amounting to commitments of £26.5 million (many still in progress) had impacted on **2,725,743** beneficiaries and supported the training and deployment of **24,904** volunteers across over 100 UK locations.
- ✦ Our funding is split between three portfolios, supporting people to be more active, creative and to connect with others in their community.



Our funding has been distributed across the UK, with some projects working intensely in small communities and others running large-scale events in our biggest cities.

Funding hotspots over the first four years have been Scotland, where the Scottish Government has awarded us £1.35m in grants to support people to become more active, and Yorkshire & Humberside, where our £2.85 million investment in Hull makes us a principal partner of the City of Culture programme. The commitment of both the Scottish Government funded projects and the Hull 2017 team to sharing their learning and investing in legacy will ensure that the benefits of both of these programmes spread more broadly across the UK.

Spirit of 2012

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For the Year Ended 31 March 2017

Wellbeing



- ✦ Spirit grantees have improved beneficiary wellbeing in all four domains measured by the ONS wellbeing questions. There have been jumps of 9% in life satisfaction, 6% in the extent to which participants believe that their life is worthwhile, 10% in levels of happiness yesterday, and a 6% increase in the number of participants reporting low levels of anxiety yesterday.
- ✦ Subjective wellbeing is multifaceted, and unpicking the causal factors behind these gains is highly complex. However, qualitative evidence supports the argument that social participation in our projects has been an important contributory factor.
- ✦ For some, increased social interaction appears to have been the determining factor. As an example, a participant in a *Fourteen*-funded project in Creggan, Northern Ireland, explained that she had "grown both physically and mentally", before describing both the peer support of fellow participants, and that of the session leader.
- ✦ For others, it appears being able to learn and achieve in a supportive environment led to growing confidence; as an *Inclusive Futures* programme volunteer described: "I have definitely come out of my shell, I am not as reserved as I used to be."

Perceptions of disability

- ✦ In 2016-17 we funded more disability arts projects, while continuing to stipulate that all Spirit funded-projects must put inclusion front and centre of their provision. We also announced our largest grant to date, an ambitious project led by the English Federation of Disability Sport, which sees disabled and non-disabled people participating together to become more active in eighteen communities across the UK.
- ✦ Our external evaluation report identifies many examples of participants welcoming the approach to inclusive participation, and attributing positive changes in their own lives to it. As a participant in Stockton Arc's Cultural Shift project explains: "I had become quite isolated, disillusioned and detached from the art and disability arts worlds. It was proving harder and harder to get work with fewer opportunities being created nationally and virtually no opportunities being created in the Newcastle area at the time. Whilst working with the project, a transformation has taken place. I am now in a new position professionally with a disabled led arts organisation wanting to take my play to the next level."
- ✦ Several grantees have used our funding as an opportunity to examine their current attitudes and approaches to inclusive provision, with training provided to staff and volunteers at all levels. Organisations including the British Red Cross, Oasis Play and EFDS have used grant money to produce best practice guidance to share their learning beyond their organisations.

Social Connectedness

- ✦ All but one of the Spirit projects which measured participants' pride in the community saw an increase in this factor from baseline to the midline or endline of their project, and

Spirit of 2012

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For the Year Ended 31 March 2017

Springboard's *Fourteen* and RFU's *Spirit of Rugby* have also seen more volunteers report that they are engaged with their community.

There have been particularly positive results for young people, with *Spirit of Rugby*, *Team London Young Ambassadors* and *Inclusive Futures* all reporting an increased number of young people who felt listened to, could challenge opinions and/or had the skills to run activities in their community.

Early findings from Hull 2017 indicate that the City of Culture experience is having an impact on residents' pride in the city and willingness to speak about it positively to others.

From 2017-18 we have plans to investigate this area further, with two new large grants, *Connecting Communities through Cricket*, and *Girls and Young Women* designed to focus in detail on social cohesion and social action respectively.

COMMUNICATIONS

The year 2016–17 saw a focus on building up and creating new social media channels to communicate Spirit's impact to ever-wider audiences. Twitter followers increased from 3,500 to 7,700 and we also launched the Spirit TV YouTube channel, attracting over 5,550 views of our content. Also at the end of the year we set up a new Instagram account.

The restyled Spirit of 2012 website received 58,159 visits. There were particular spikes of interest in relation to announcements of the detail of the GOGA and Challenge Fund grants, the WOW Spirit Bradford and Fawcett Society Changemakers conferences and the build up to the Rio Olympic & Paralympic Games

The most popular pages were the 2016 Challenge Fund, the Funding Strategy, *Get Out Get Active* and the news pages.

FINANCIAL REVIEW

Income generation

During the year, Spirit received grants totalling £550,000 from the Scottish Government to manage and deliver Phase 2 of the Legacy 2014 Physical Activity Fund and the new Sporting Equality Fund. Total incoming resources are shown in the Statement of Financial Activities at £1,175,065.

Grant expenditure

Total grant expenditure of £8,181,185 was committed in the year by 31 March 2017 across nine Spirit grant themes and the Incubator Fund.

Other costs

Other direct charitable expenditure costs relating to the Spirit Programme themes amounted to £520,687 in the period. Total outgoing resources are shown in the Statement of Financial Activities at £9,208,510.

Fixed assets

During the year, Spirit purchased fixed assets with a cost of £10,645 and the net book value at 31 March 2017 was £18,885.

Spirit of 2012

Trustee's Report

For the Year Ended 31 March 2017

Director remuneration

During the year, eight of the Directors claimed expenses. The total amount of expenses reimbursed to Directors was £7,339. These expenses were for travel, subsistence and accommodation and were paid within the levels set out in the Charity's Expenses Policy.

Executive remuneration

Executive pay and levels of remuneration, including expenses, are set and annually reviewed by the Recruitment & Remuneration Committee which is chaired by Dugald Mackie and includes Paul Cuttill and Efa Gruffudd-Jones. The level of the Chief Executive's pay was benchmarked against other similar organisations in 2013 and agreed as part of the Business Plan submitted to the Big Lottery Fund in order to secure the endowment in July of that year. The committee subsequently approved a staffing structure, based on a five pay band model, with levels benchmarked against other, similar roles in the voluntary and public sectors.

The committee reviews Director appointment and recruitment policy and the overall staffing structure, as well as the pay of all staff employed by Spirit and other employee benefits – for example, the terms of the company pension scheme and the Expenses Policy (which also applies to Directors).

The Chief Executive and one other member of staff received remuneration of more than £60,000, as outlined in note 9 to the Financial Statements.

During the year, the committee agreed a 2.3% increase for all staff, in line with the Retail Prices Index. This is below the 3% budgeted for in the lifetime cashflow projection prepared for the Trust in 2013.

Remuneration and benefits received by key management personnel

The Recruitment & Remuneration Committee agreed that the organisation would make an employer's contribution of 10.2% of annual salary towards the company pension scheme for all staff wishing to participate. The cost of this over the year amounted to £40,349 for all staff in the organisation. Currently all eligible staff are members of the scheme looking ahead to 2017-18 when auto-enrolment will ensure that this continues to be the case.

In addition, Spirit pays a £10,000 annual fee to the Protector, who is also entitled to claim expenses on the same basis as Directors and the Executive. The latter amounted to nil over the year, so the total remuneration and benefits paid to the Protector was £10,000.

Investment policy and performance

In 2014, informed by the Spirit Investment Policy agreed earlier that year, the Board appointed Barclays Wealth Management as investment managers. The investment policy is reviewed by the Finance & Investment Committee and recommended to Board annually.

Representatives of Barclays Wealth Management attend every quarterly meeting of the Finance & Investment Committee and answer questions on their fund management performance. Since the year end, the investment managers have been invited to attend Board meetings at least annually to give an account of their performance and respond to any questions that the Board has too.

Reserves policy

Spirit was granted a spend-out endowment when it was established by the Big Lottery Fund in 2013. The endowment was originally £40 million, which subsequently increased through

Spirit of 2012

Trustee's Report

For the Year Ended 31 March 2017

additional grants and novations to £47 million. Spirit is required to have committed all endowment monies by the end of the 2020–21 financial year and to have spent them by the end of the 2023–24 financial year.

This means that there is currently no reserves policy, as the emphasis is on investing the money wisely and spending out by the specified date. Directors seek to maximise returns during the projected 10-year life of the organisation and maintain a tightly managed cashflow adequate to meet, but not inefficiently exceed, grant funding commitments rather than hold funds in reserve.

By March 2020, Directors will take a view as to whether they want to sustain Spirit beyond the life of the endowment and, if so, what is a prudent level of reserves to do so as the endowment is spent down. At that point, the Board will need to agree a Reserves Policy. As of 1 April 2016, there were reserves of £29,194,955 and at 31 March 2017, funds in reserves had reduced to £24,002,460.

PLANS FOR THE FUTURE

The charity will continue to make and manage grants from April 2017 within the framework of the lifetime programme strategy agreed by the Board.

England Athletics plans a range of marketing activity to attract new recruits around the Team Personal Best Volunteering project over the summer of 2017 as the World Athletics Championships come to the Olympic Park in July, followed by the IPC Athletics Championships in September.

In July, following a competitive application round, we plan to award a development grant to an organisation to plan a multi-location community cohesion programme inspired by international cricketing events culminating in the 2019 ICC World Cup.

Spirit will continue to collect and apply learning emerging from the Legacy 2014 Physical Activity Fund across Scotland and in the design and delivery of the new Sporting Equality Fund also funded by the Scottish government. The learning will also inform the continuing development of local GOGA initiatives during the period.

Three WOW Spirit festivals are scheduled for October and November 2017 in Bradford, Exeter and Perth. We also expect to award a large grant to a project designed to empower young women and girls during the period.

The 2018 Challenge Fund will open for applications early next year and the Youth Advisory Panel expects to make up to two new grant awards.

The Charity will also maintain oversight of the seven small Changemakers grants, funded by Spirit and awarded and managed by the Fawcett Society on a contractual basis.

Spirit of 2012

Trustee's Report

For the Year Ended 31 March 2017

Statement of Trustee's Responsibilities

The Trustee is responsible for preparing the annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Spirit's Deed and laws applicable to charities in England and Wales require the Trustee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of Spirit and of the incoming resources and application of resources of Spirit for that year. In preparing those financial statements, the Trustee is required to:

- ✧ select suitable accounting policies and then apply them consistently;
- ✧ observe the methods and principles in the applicable Charities SORP;
- ✧ make judgements and estimates that are reasonable and prudent;
- ✧ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ✧ prepare the financial statements on the going concern basis unless it is inappropriate to presume that Spirit will continue in business.

The Trustee is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of Spirit and to enable it to ensure that the financial statements comply with the Charities Act 2011, the applicable Charities (Accounts and Reports) Regulations and the provisions of the Trust Deed. The Trustee is also responsible for safeguarding the assets of Spirit and taking reasonable steps for the prevention and detection of fraud and other irregularities.

Spirit is responsible for the maintenance and integrity of the Charity and financial information included on Spirit's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements.

Auditors and Solicitors

HW Fisher & Co. continue to act as our auditors having been appointed in 2014 for a five-year period. Bates, Wells & Braithwaite have expressed their willingness continue to act as our appointed solicitors.

Approved by the Trustee and signed on its behalf by:



Dugald Mackie

Chair

5 October 2017

Spirit of 2012

Statement on the System of Internal Controls

For the Year Ended 31 March 2017

We acknowledge our responsibility for ensuring that an effective system of internal control is maintained and operated by Spirit of 2012 which supports the achievement of Spirit's objectives whilst ensuring compliance with the requirements of the Charity's governing documents.

The systems provide reasonable, though not absolute assurance, that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within the financial year, or another identified specific timeframe.

The systems of internal control are based on a framework of policies, regular management information, administrative procedures, including the segregation of duties, and a system of delegation and accountability. They include:

- ⌘ comprehensive budgeting systems within the framework of policies set by Directors and an annual budget which is reviewed and agreed by the Board of the Corporate Trustee;
- ⌘ scrutiny by the Finance & Investment Committee and the Board of quarterly and annual financial reports, which indicate financial performance against targets;
- ⌘ an operational corporate plan that includes cash flow and budget variance targets to measure financial and other performance;
- ⌘ clearly defined capital investment control guidelines within the framework of an annually reviewed investment policy;
- ⌘ formal operational risk and project management systems, processes and disciplines;
- ⌘ procedures for the assessment of applications, management and monitoring of grants, ensuring that all applications and are rigorously processed and scrutinised; and
- ⌘ a consistent model across all grants for evaluating the outputs, outcomes and impact of funded projects to ensure effective use of Spirit grants for their intended purpose.

The Audit & Risk Committee of the Board reviews internal controls internally each year and ensures that any recommendations are actioned within six months.



Dugald Mackie

Chair

5 October 2017



Debbie Lye

Chief Executive

5 October 2017

Spirit of 2012

Auditors' Report

For the Year Ended 31 March 2017

We have audited the accounts of Spirit of 2012 for the year ended 31 March 2017 set out on pages 25-41. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the Charity's Trustee, as a body, in accordance with Section 144 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the Charity's Trustee those matters that we are required to state to it 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 Charity and its Trustee as a body, for our audit work, for this report, or for the opinions that we have formed.

Respective responsibilities of Trustee and Auditor

As explained more fully in the Statement of Trustee's Responsibilities on page 20, the Trustee is responsible for the preparation of accounts and for being satisfied that they give a true and fair view.

We have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustee; and the overall presentation of the accounts.

In addition, we read all the financial and non-financial information in the Trustee's Report to identify material inconsistencies with the audited accounts and any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Spirit of 2012

Auditors' Report

For the Year Ended 31 March 2017

Opinion on accounts

In our opinion the accounts:

- give a true and fair view of the state of the Charity's affairs as at 31 March 2017, and of its incoming resources and application of resources 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 Charities Act 2011.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

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



Julian Challis (Senior Statutory Auditor)

For and on behalf of HW Fisher & Company
Chartered Accountants
Statutory Auditor
Acre House
11-15 William Road
London
NW1 3ER

Date: 16 October 2017

HW Fisher & Company is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Spirit of 2012
Statement of Financial Activities
For the Year Ended 31 March 2017

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2017 £	Total Funds 2016 £
Income						
Charitable Activities						
Grants	3	-	550,000	-	550,000	800,000
Investment Income	2	625,065	-	-	625,065	623,515
Total Income		625,065	550,000	-	1,175,065	1,423,515
Expenditure						
Raising Funds						
Investment Management Costs		-	-	138,525	138,525	115,136
Charitable Activities						
Spirit of Glasgow		16,592	-	-	16,592	-
Spirit of Youth		1,174,997	-	-	1,174,997	(214,195)
Spirit of Achievement		1,202,087	-	-	1,202,087	759,513
Spirit of Volunteering	3	3	-	-	3	-
Spirit of Rio		5,303,346	-	-	5,303,346	35,138
Spirit of Hull		-	-	-	-	2,752,473
Spirit of Women		212,657	-	-	212,657	786,925
Spirit of Athletics		1,068,062	-	-	1,068,062	-
Legacy 2014		-	20,351	-	20,351	767,632
Incubator Fund		71,890	-	-	71,890	42,955
Total Expenditure	4-10	9,049,634	20,351	138,525	9,208,510	5,045,577
Net Gains/(Losses) on Investments		-	-	2,840,950	2,840,950	(940,050)
Net Income/(Expenditure)		(8,424,569)	529,649	2,702,425	(5,192,495)	(4,562,112)
Transfers Between Funds	18	9,049,634	-	(9,049,634)	-	-
Net Movement in Funds		625,065	529,649	(6,347,209)	(5,192,495)	(4,562,112)
Total Funds Brought Forward at 1 April 2016	18	1,743,907	32,368	27,418,680	29,194,955	33,757,067
Total Funds Carried Forward at 31 March 2017	18	2,368,972	562,017	21,071,471	24,002,460	29,194,955

The Statement of Financial Activities includes all gains and losses recognised in the year.
All incoming resources and resources expended derive from continuing activities

Spirit of 2012
Balance Sheet
As at 31 March 2017

	Notes	2017		2016	
		£	£	£	£
Fixed assets					
Tangible assets	12	18,885		20,414	
Investments	13	26,896,112		33,592,768	
			26,914,997		33,613,182
Current assets					
Debtors	14	23,069		21,714	
Investments: Short term deposits	15	5,884,292		2,735,199	
Cash at bank and in hand		600,388		1,361,494	
		6,507,749		4,118,407	
Creditors : Amounts falling due within one year	16	5,375,645		4,980,863	
Net current assets/(liabilities)			1,132,104		(862,456)
Total assets less current liabilities			28,047,101		32,750,726
Creditors : Amounts falling due after more than one year	17		(4,044,641)		(3,555,771)
Net assets			24,002,460		29,194,955
Represented by					
Endowment Funds	18		21,071,471		27,418,680
Restricted Income Funds	18		562,017		32,368
Unrestricted Funds	18		2,368,972		1,743,907
Total Charity funds	22		24,002,460		29,194,955

The notes on pages 28 to 41 form part of these accounts

Approved by the Corporate Trustee, Spirit of 2012 Trustee Limited, on 5 October 2017

And signed on its behalf by



Dugald Mackie

Chair

Director of Spirit of 2012 Trustee Limited

Spirit of 2012
Statement of Cash Flows
For the Year Ended 31 March 2017

	2017 £	2016 £
Cash flows from operating activities		
Net cash used in operating activities	(7,764,039)	(5,244,010)
Cash flows from investing activities		
Interest from investments	625,065	623,515
Purchase of fixed assets and equipment	(10,645)	(6,785)
Proceeds from sale of investments	13,322,548	11,213,733
Purchase of investments	(3,784,942)	(12,070,718)
Net cash provided by/(used in) investing activities	<u>10,152,026</u>	<u>(240,255)</u>
Cash flows from financing activities		
Net (increase)/decrease in funds on deposit	(3,149,093)	4,702,811
Net movement in cash and cash equivalents in the year	<u>(761,106)</u>	<u>(781,454)</u>
Cash and cash equivalents at 1 April 2016	<u>1,361,494</u>	<u>2,142,948</u>
Cash and cash equivalents at 31 March 2017	<u><u>600,388</u></u>	<u><u>1,361,494</u></u>

Reconciliation of net expenditure to net cash flow used in operating activities

	2017 £	2016 £
Net expenditure for the year (as per the Statement of Financial Activities)	(5,192,495)	(4,562,112)
Adjustments for:		
Depreciation charges	11,830	11,865
(Gains)/losses on investments	(2,840,950)	940,050
Interest from investments	(625,065)	(623,515)
Loss on disposal of fixed assets	344	905
Increase in debtors	(1,355)	(851)
Increase/(decrease) in creditors	883,652	(1,010,352)
Net cash used in operating activities	<u><u>(7,764,039)</u></u>	<u><u>(5,244,010)</u></u>

Analysis of Cash and Cash Equivalents

	2017 £	2016 £
Bank Current Accounts	600,388	1,361,494
	<u><u>600,388</u></u>	<u><u>1,361,494</u></u>

1 Accounting Policies

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The Charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

Preparation of the accounts on a going concern basis

We have set out in the Trustee's report a review of financial performance and the Charity's reserves position and we have a reasonable expectation that we have the resources to continue in operational existence for the foreseeable future. We believe that there are no material uncertainties that call into doubt the Charity's ability to continue as a going concern. The accounts have, therefore, been prepared on the basis that the Charity is a going concern.

Grants receivable

Grants receivable are credited to the Statement of Financial Activities in the year in which they are receivable.

Income

All incoming resources are included in the Statement of Financial Activities when the Charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

Voluntary resources are included in the Statement of Financial Activities when the Charity is entitled to the income and the amount can be quantified with reasonable accuracy.

The value of services provided by volunteers has not been included in these accounts.

Investment income is included when receivable.

Unrestricted income is deferred when it is received and relates to a period following the year end. Restricted income is deferred only when this relates wholly to a future period, as specified by the funder.

Resources expended

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under Spirit's charitable activities.

Grants payable

Grants payable are recognised when a constructive obligation arises or where the recipient has been informed of the decision to make the award. Grants awarded are all conditional on satisfactory compliance with the terms and conditions of the award and are monitored annually. Future grant payments that are subject to annual monitoring procedures are deferred.

1 Accounting Policies (Continued)

Allocation of overhead and support costs

Overhead and support costs have been apportioned based on the value of individual grants. Consultancy fees and expenses have been allocated to the charitable activity to which the consultant's work related. The analysis of overhead and support costs is shown in note 4.

Irrecoverable VAT

Any irrecoverable VAT is charged to the Statement of Financial Activities, or capitalised as part of the cost of the related asset, where appropriate.

Other liabilities

Other liabilities are recognised when an obligation arises to transfer economic benefits as a result of past transactions or events.

Tangible fixed assets

Tangible fixed assets consist of furniture, fittings and office equipment, which are shown at cost and depreciated on a straight-line basis over their estimated useful life of five years for fixtures and fittings, and three years for office equipment (including IT). All assets costing more than £300 in value are included as tangible fixed assets within the financial statements. All tangible fixed assets are subject to annual impairment reviews with any diminution in value arising expensed in the Statement of Financial Activities.

Fixed asset investments

Investments held as fixed assets are revalued at market value at the balance sheet date. The gain or loss for the year, which is calculated as the difference between the market value and historical cost value of investments, is taken to the Statement of Financial Activities.

Debtors

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

Cash at bank and in hand

Cash at bank and in hand consists of amounts held in bank accounts with instant access and therefore readily available.

Current asset investments

Current asset investments consist of amounts held on deposit and are not instant access.

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.

1 Accounting Policies (Continued)

Financial instruments

The Charity only has financial assets and 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.

Pension costs

Spirit makes contributions to a group personal pension scheme. The pension cost charge represents contributions payable by Spirit to the scheme. Any difference between amounts charged in the Statement of Financial Activities and paid to the pension scheme is shown in the balance sheet as a liability or asset.

Fund accounting

Unrestricted funds represent the general reserves of the Charity that can be utilised freely for the purposes of furthering the objects of the Charity. Unrestricted income comprises of investment income earned from the endowment and any other income in which no restrictions on its use applies.

Restricted funds represent income that is to be applied for specific purposes, as specified by the donor. Restricted income comprises of investment income earned from the restricted element of the endowment and any other grant income which is for specific purposes only.

Endowment funds represent an expendable endowment whereby the capital and the interest are available for use at the discretion of the Directors of the Corporate Trustee in furtherance of the general objects of the Charity and which have not been designated for any other purposes. The Directors at their discretion may transfer any interest earned on the endowment to general unrestricted funds or restricted funds.

Spirit of 2012
Notes to the Financial Statements (Continued)
For the Year Ended 31 March 2017

2 Investment Income

	2017 £	2016 £
Income from listed investments	585,163	541,161
Bank interest receivable	39,902	82,354
	<u>625,065</u>	<u>623,515</u>

Income from listed investments can be analysed as follows;

Fixed Interest	253,060	354,503
Equities	172,829	134,236
Alternative investments	159,274	52,422
	<u>585,163</u>	<u>541,161</u>

3 Grant Income

During the year the following funds were received:

	2017 £	2016 £
Restricted Funds		
Scottish Government - Legacy 2014 - Phase 2	200,000	800,000
Scottish Government - Sporting Equality Fund	350,000	-
	<u>550,000</u>	<u>800,000</u>

Both of these grants received in the year from the Scottish Government remained unspent at the year end and are included in Restricted Funds. There are no unfulfilled conditions or contingencies attached to this income and the majority of the funds will be spent over the next year.

Spirit of 2012
Notes to the Financial Statements (Continued)
For the Year Ended 31 March 2017

4 Analysis of Expenditure

Spirit awarded grants to a number of institutions in the furtherance of its charitable activities and also undertook programme development, monitoring and evaluation and communications activities.

	2017		2016	
	£	£	£	£
Grant Making (see note 5)		8,181,185		4,178,181
Other Direct Charitable Expenditure				
Programme Development - Staff Costs	303,427		225,579	
Programme Development - Other	62,402		62,899	
Communications Costs	34,398		34,167	
Monitoring & Evaluation	120,460		86,608	
		520,687		409,253
Governance				
Audit and Accountancy	5,400		5,400	
Legal Costs	6,690		4,308	
Protectors Fees	10,000		10,000	
Board Costs	18,472		11,359	
		40,562		31,067
Other Support Costs				
Core Staff Costs	201,191		233,147	
Recruitment Costs	3,380		1,200	
Investment Managers Costs	138,525		115,136	
Consultancy	11,520		11,280	
Premises Costs	21,981		25,607	
Operational Costs	89,479		40,706	
		466,076		427,076
		<u>9,208,510</u>		<u>5,045,577</u>

5 Grants Payable

One grant commitment reported in 2015 under restricted expenditure was terminated and the unspent commitment transferred to unrestricted funding in 2016 with the agreement of the funder (value £705,910)

	2017	2016	2017	2016
	No.	No.	£	£
Spirit of Glasgow	1	-	15,000	-
Spirit of Youth	3	2	1,062,238	(214,195)
Spirit of Achievement	4	6	1,086,729	648,456
Spirit of Volunteering	-	-	3	-
Spirit of Rio	2	3	4,794,408	30,000
Spirit of Hull	-	1	-	2,350,000
Spirit of Women	2	1	192,249	671,859
Spirit of Athletics	2	-	965,565	-
Legacy 2014 Physical Activity Fund	-	11	2	655,387
Incubator Fund	2	2	64,991	36,674
	<u>16</u>	<u>26</u>	<u>8,181,185</u>	<u>4,178,181</u>

Spirit of 2012
Notes to the Financial Statements (Continued)
For the Year Ended 31 March 2017

6 Grants Payable

The following grants were payable during the year to projects under the 10 programme headings.

	2017	2016	2017		2016	
	No.	No.	£	£	£	£
Spirit of Glasgow						
UK Community Foundation	1	-	15,000		-	
				15,000		-
Spirit of Youth						
British Red Cross	-	-	1		-	
ukactive	-	1	-		(705,910)	
Youth Sport Trust	-	1	(250)		491,715	
Mighty Creatives	1	-	963,140		-	
Plymouth Music Zone	1	-	49,430		-	
Verbal Arts	1	-	49,917		-	
				1,062,238		(214,195)
Spirit of Achievement						
Shape London	1	-	474,995		-	
British Paralympic Association	-	1	(26,630)		(19,670)	
Stockton Arts Centre (ARC)	-	1	-		250,000	
Streetwise	-	2	-		110,000	
Beacon Hill Arts	-	1	-		120,000	
Oasis Children's Venture Ltd	-	1	-		188,126	
Creative Arts	1	-	231,110		-	
Dance Syndrome	1	-	200,259		-	
StopGap	1	-	206,995		-	
				1,086,729		648,456
Spirit of Volunteering						
Voluntary Arts	-	-	1		-	
Welsh Council for Voluntary Action	-	-	2		-	
				3		-
Spirit of Rio						
British Olympic Foundation	-	-	2		-	
Sport and Recreation Alliance	-	1	-		10,000	
English Federation of Disability Sports	1	1	4,490,000		10,000	
ukactive	-	1	-		10,000	
British Paralympic Association	1	-	304,406		-	
				4,794,408		30,000
Subtotals carried forward	10	11		6,958,378		464,261

Spirit of 2012
Notes to the Financial Statements (Continued)
For the Year Ended 31 March 2017

6 Grants Payable (Continued)

	2017	2016	2017		2016	
	No.	No.	£	£	£	£
Subtotals brought forward	10	11		6,958,378		464,261
Spirit of Hull						
Hull City of Culture Ltd	-	1		-		2,350,000
Spirit of Women						
Southbank Centre	1	1	41,249		671,859	
Fawcett Society	1	-	151,000			
				192,249		671,859
Spirit of Athletics						
England Athletics	2	-		965,565		-
Legacy 2014 Physical Activity Fund						
Changes Community Health Project	-	1	-		21,574	
NHS Highlands	-	1	-		70,000	
Fife Sports & Leisure Trust	-	1	-		69,774	
Leisure & Culture Dundee	-	1	-		56,908	
North Ayrshire Leisure Ltd	-	1	-		70,000	
Midlothian Council	-	1	1		69,453	
Stirling Council	-	1	1		29,855	
Cairngorms National Park Authority	-	1	-		69,825	
Edinburgh Leisure	-	1	-		70,000	
Drumchapel Sports Centre	-	1	-		69,848	
Dumfries and Galloway Council	-	1	-		58,150	
				2		655,387
Incubator Fund						
Sporting Memories Network	-	2	(9)		36,674	
Change Foundation	1	-	15,000			
Uprising - 1 Million Mentors	1	-	50,000			
				64,991		36,674
	<u>16</u>	<u>26</u>		<u>8,181,185</u>		<u>4,178,181</u>

Spirit of 2012
Notes to the Financial Statements (Continued)
For the Year Ended 31 March 2017

7 Grants Paid in the Year

Reconciliation of cash payments to grants payable during the year under the 10 programme headings

	Cash Paid 2017 £	Credit for grants accounted for in previous year £	Credit for closed/ underspent grants £	Accrued for grants awarded in the year £	Grants Payable 2017 £	Cash Paid 2016 £
Spirit of Glasgow	1,594,553	(1,594,553)	-	15,000	15,000	1,065,175
Spirit of Youth	646,422	(450,482)	(249)	866,547	1,062,238	1,744,195
Spirit of Achievement	679,235	(465,798)	(26,635)	899,927	1,086,729	1,013,307
Spirit of Volunteering	466,327	(466,327)	3	-	3	537,160
Spirit of Rio	1,466,089	(368,158)	2	3,696,475	4,794,408	472,766
Spirit of Hull	1,608,506	(1,608,506)	-	-	-	138,487
Spirit of Women	170,657	(71,183)	(2,756)	95,531	192,249	31,152
Spirit of Athletics	190,243	-	-	775,322	965,565	-
Legacy 2014	320,739	(320,739)	2	-	2	327,695
Incubator Fund	40,000		(9)	25,000	64,991	46,074
	7,182,771	(5,345,746)	(29,642)	6,373,802	8,181,185	5,376,011

Spirit of 2012
Notes to the Financial Statements (Continued)
For the Year Ended 31 March 2017

8 Grant Commitments

Below are pre-existing grant commitments, recognised at the beginning of the year, and the balances of those commitments recognised at the end of the year. It itemises new grant commitments made during the year, grants paid against both pre-existing and new commitments. It lists grants closed during the year

	Grant commitments recognised at the start of the year £	New grant commitments £	Grants paid during year £	Grants closed during year £	Grant commitments recognised at the end of the year £
Spirit of Glasgow	2,189,810	15,000	(1,594,553)	-	610,257
Spirit of Youth	809,755	1,062,487	(646,422)	(249)	1,225,571
Spirit of Achievement	795,408	1,113,364	(679,235)	(26,635)	1,202,902
Spirit of Volunteering	514,924	-	(466,327)	3	48,600
Spirit of Rio	576,381	4,794,406	(1,466,089)	2	3,904,700
Spirit of Hull	2,466,413	-	(1,608,506)	-	857,907
Spirit of Women	640,707	195,005	(170,657)	(2,756)	662,299
Spirit of Athletics	-	965,565	(190,243)	-	775,322
Legacy 2014	327,692	-	(320,739)	2	6,955
Incubator Fund	9	65,000	(40,000)	(9)	25,000
	8,321,099	8,210,827	(7,182,771)	(29,642)	9,319,513

	Grants Payable within one year £	Grants Payable over one year £	Grant commitments recognised at end of the year
Spirit of Glasgow	610,257	-	610,257
Spirit of Youth	896,458	329,113	1,225,571
Spirit of Achievement	617,542	585,360	1,202,902
Spirit of Volunteering	48,600	-	48,600
Spirit of Rio	1,522,230	2,382,470	3,904,700
Spirit of Hull	857,907	-	857,907
Spirit of Women	359,814	302,485	662,299
Spirit of Athletics	330,109	445,213	775,322
Legacy 2014	6,955	-	6,955
Incubator Fund	25,000	-	25,000
	5,274,872	4,044,641	9,319,513

Spirit of 2012
Notes to the Financial Statements (Continued)
For the Year Ended 31 March 2017

9 Staff Costs & Consultancy Costs

	2017 £	2016 £
Wages and salaries	421,065	381,905
Social security costs	43,204	37,777
Pension contributions	40,349	38,954
Total staff costs	<u><u>504,618</u></u>	<u><u>458,636</u></u>

The value of paid annual leave accrued but not yet taken was not material, as staff members are not allowed to carry forward more than 5 days (pro rata) unused leave to future years

During the year employees earning in excess of £60,000 per annum, including taxable benefits are as follows;

	2017 No.	2016 No.
£60,000 - £69,999	-	1
£70,000 - £79,999	1	-
£90,000 - £99,999	-	1
£100,000 - £119,999	1	-
	<u><u>2</u></u>	<u><u>2</u></u>

The total amount of pension benefits for these higher paid employees was £16,089 (2016: £15,906)

The key management personnel of the charity in charge of directing, controlling, running and operating the charity on a day to day basis comprise of the Board Members, Chief Executive, Director of Policy and Research and Head of Finance. Total remuneration (gross pay and taxable benefits) for key management personnel was £221,022 (2016: £184,630).

No Director of the corporate trustee received any remuneration during the year. Eight Directors received £7,339 for the reimbursement of expenses incurred relating to the Trust (2016: Seven Directors receiving £5,340). Expenses incurred included for travel, subsistence and accommodation.

The average headcount number of employees analysed by function was:

	2017 No.	2016 No.
Project staff	4.5	4
Management and Administration	6.5	6
	<u><u>11</u></u>	<u><u>10</u></u>

Spirit of 2012
Notes to the Financial Statements (Continued)
For the Year Ended 31 March 2017

10 Net expenditure is stated after charging:

	2017	2016
	£	£
Auditors' remuneration for audit services (incl. VAT)	5,400	5,400
Investment Management Fees	138,525	115,136
Travel, subsistence and hospitality costs	14,082	10,766
Directors' Indemnity Insurance	1,571	1,578
Fees and expenses of the Protector	10,000	10,000
Operating lease costs (office rentals)	49,768	48,903

Investment Management Fees are payable quarterly based on the portfolio value managed and are in line with current market rates for this service.

11 Taxation

Spirit of 2012 is a registered charity, and as such is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried on in the furtherance of Spirit's primary objectives, if these profits and surpluses are applied solely for charitable purposes.

Spirit is not registered for VAT and accordingly, all of its expenditure is recorded inclusive of VAT incurred.

12 Tangible Fixed Assets

	Office Equipment	Furniture and Fittings	Total 2017	Total 2016
	£	£	£	£
All used for direct charitable purposes				
Cost				
At 1st April 2016	25,333	18,513	43,846	40,682
Additions	10,645	-	10,645	6,785
Disposals	(7,542)	-	(7,542)	(3,621)
At 31st March 2017	<u>28,436</u>	<u>18,513</u>	<u>46,949</u>	<u>43,846</u>
Depreciation				
At 1st April 2016	15,312	8,120	23,432	14,283
Charges for the year	8,128	3,702	11,830	11,865
Eliminated on disposals	(7,198)	-	(7,198)	(2,716)
At 31st March 2017	<u>16,242</u>	<u>11,822</u>	<u>28,064</u>	<u>23,432</u>
Net book value				
At 31st March 2017	<u>12,194</u>	<u>6,691</u>	<u>18,885</u>	<u>20,414</u>
At 31st March 2016	<u>10,021</u>	<u>10,393</u>	<u>20,414</u>	<u>26,399</u>

Spirit of 2012
Notes to the Financial Statements (Continued)
For the Year Ended 31 March 2017

13 Investments

	2017		2016	
	Cost £	Market value £	Cost £	Market value £
Listed Investments				
Fixed Interest	7,176,424	7,340,704	8,484,599	8,342,100
Equities	4,812,287	5,855,685	6,025,474	6,134,192
Alternative investments	12,864,402	13,699,723	19,155,973	19,116,476
	<u>24,853,113</u>	<u>26,896,112</u>	<u>33,666,046</u>	<u>33,592,768</u>

Alternative investments are those outside traditional cash, bonds and equities. These include commodities, real estate funds and hedge funds.

	2017 £	2016 £
At 1 April 2016	33,592,768	33,675,833
Additions in the year	3,784,942	12,070,718
Disposals in the year	(13,322,548)	(11,213,733)
Realised gains/(losses) in the year	860,843	(111,744)
Unrealised gains/(losses) in the year	1,980,107	(828,306)
Balance at 31 March 2017	<u>26,896,112</u>	<u>33,592,768</u>

Individual assets, and their market values at 31 March 2017, representing over 5% of the investment portfolio are as follows:

	£	£
BNP Linker Note on HSCEI, TAMSCI 03 Feb 2020	5,130,000	4,874,000
CS AutoCallable Note on UKX 30 Jan 2020	-	5,164,000
GS Linker - Call Note on SX5E RTY, 21 Nov 2019	4,505,232	4,091,853

14 Debtors

	2017 £	2016 £
Other Debtors	635	630
Prepayments	21,412	17,778
Accrued Income	1,022	3,306
	<u>23,069</u>	<u>21,714</u>

15 Investments: Short Term Deposits

	2017 Cost £	2016 Cost £
Cash equivalents and deposits	<u>5,884,292</u>	<u>2,735,199</u>

Spirit of 2012
Notes to the Financial Statements (Continued)
For the Year Ended 31 March 2017

16 Creditors - Amounts falling due within one year

	2017 £	2016 £
Trade creditors	16,643	27,747
Grants payable	5,274,872	4,765,328
Taxation and social security costs	-	11,869
Accruals	84,130	175,919
	<u>5,375,645</u>	<u>4,980,863</u>

17 Creditors - Amounts falling due after one year

	2017 £	2016 £
Grants payable	<u>4,044,641</u>	<u>3,555,771</u>

18 Funds

At the year end, a sum equivalent to the total value of charitable expenditure was converted to unrestricted income from the endowment fund.

	At 1 April 2016 £	Income £	Expenditure £	Transfers £	At 31 March 2017 £
Unrestricted Funds	1,743,907	625,065	(9,049,634)	9,049,634	2,368,972
Restricted Funds	32,368	550,000	(20,351)	-	562,017
Endowment Funds	27,418,680	2,840,950	(138,525)	(9,049,634)	21,071,471
Total Funds	<u>29,194,955</u>	<u>4,016,015</u>	<u>(9,208,510)</u>	<u>-</u>	<u>24,002,460</u>

19 Restricted Funds

	At 1 April 2016 £	Income £	Expenditure £	Transfers £	At 31 March 2017 £
Legacy 2014	32,368	550,000	(20,351)	-	562,017
	<u>32,368</u>	<u>550,000</u>	<u>(20,351)</u>	<u>-</u>	<u>562,017</u>

Restricted Funds consist of funding received from the Scottish Government to run projects across Scotland working with a wide variety of people providing a wide range of accessible physical activities and volunteering opportunities.

Spirit of 2012
Notes to the Financial Statements (Continued)
For the Year Ended 31 March 2017

21 Endowment Funds

At 1 April 2016	Realised Losses £	Unrealised Losses £	Converted to Income £	Investment Managers Fees £	At 31 March 2017 £
<u>27,418,680</u>	<u>860,843</u>	<u>1,980,107</u>	<u>(9,049,634)</u>	<u>(138,525)</u>	<u>21,071,471</u>

Endowment Funds consist of an expendable endowment which is described in the Accounting Policy on page 30.

22 Net assets by Fund

	Fixed Assets £	Net Current Assets/Liabilities £	Long term Creditors £	Net Assets £
Unrestricted Funds	18,885	6,394,728	(4,044,641)	2,368,972
Restricted Funds	-	562,017	-	562,017
Endowment Funds	26,896,112	(5,824,641)	-	21,071,471
Total Funds	<u>26,914,997</u>	<u>1,132,104</u>	<u>(4,044,641)</u>	<u>24,002,460</u>

23 Related Party Transactions

Spirit, because of its nature, has close working relationships with a number of organisations which the Corporate Trustee Directors are involved with. These included the British Olympic Association.

Director Sir Harry Burns is the Professor of Global Public Health at the University of Strathclyde. In October 2015 Spirit awarded a monitoring and evaluation contract for the Legacy 2014 programme to the University of Strathclyde, valued at £79,780 and lasting until February 2017. Spirit paid the University £2,900 for four days of Sir Harry's work. £7,941 is included in accruals at the year end relating to this contract.

There were no other related party transactions that require disclosure.

24 Corporate Trustee

Spirit of 2012 has only one Trustee, being Spirit of 2012 Trustee Limited.

25 Commitments Under Operating Leases

As at 31 March 2017 Spirit had annual commitments under non cancellable operating leases as follows

	Land and Buildings	
	2017 £	2016 £
Expiry Date:		
Within one year	2,000	2,375
Between one and two years	83,964	-
Between two and five years	-	128,641
	<u>85,964</u>	<u>131,016</u>

Spirit of 2012

Report of the Protector

For the Year Ended 31 March 2017

Background

I took up my appointment as Protector of Spirit of 2012 ("Spirit") on 1 January 2014 for an initial three-year term. This has subsequently been extended for a further three-year term until the end of December 2019. I am required under the terms of the Trust Deed dated 7 October 2013 to prepare a statement for publication by the Trustee in its annual report which explains the function of the Protector, how that function has been exercised and, where appropriate, identifies any areas of administration of the Charity which require improvement, and the steps to be taken by the Trustee to effect such improvement. The sole Trustee of the Charity is Spirit of 2012 Trustee Limited ("the Trustee"), a private company limited by guarantee established for that purpose.

Function of the Protector

Under the Trust Deed the Protector has a fiduciary duty to ensure the integrity of the administration of the Charity and the propriety of its procedures.

Although the Protector is not involved in decision taking within the Charity, the Trust Deed stipulates that his consent is required in certain specified situations. The Protector is also required to report on any matters of serious concern to the Big Lottery Fund ("BLF"), as the Founder of Spirit, or to the Charity Commission.

The function of the Protector is therefore to ensure that that the Trustee administers the Charity properly and applies the Charity's property in accordance with the Trust Deed. Spirit received an original expendable endowment of £40million from the BLF in December 2013, to which a further £7million was added to provide funding for six projects under the Keeping the Spirit of 2012 Alive programme, the management of which was novated to Spirit, and to support the development of a Theory of Change and Monitoring and Evaluation Framework.

Objects of the Charity

The Objects of Spirit are set out in the Trust Deed and are reproduced in the Trustee's Report on page 9.

Administration of the Charity

I have attended meetings of the Board of the Trustee, the Finance and Investment Committee, the Audit and Risk Committee and the Recruitment and Remuneration Committee, as well as the new Programme Impact Evaluation Committee which took over the responsibilities of the previous Programme and Evaluation Advisory Panel. This development reflected the importance which the Board rightly attaches to the robust monitoring of the impact and evaluation of the supported programmes. I also attended meetings of the Board Effectiveness Review Panel as it continued its important work in keeping the composition, operation and development of the Board under regular review.

Spirit of 2012

Report of the Protector

For the Year Ended 31 March 2017

I held quarterly meetings with the Chief Executive and also corresponded with her, the Chairman and BLF representatives as necessary during the course of the year to discuss any matters of significance.

I am satisfied that the Charity has been administered in accordance with the terms of the Trust Deed in the year under review.

The Board of the Trustee

The first Board Residential in September 2016 provided the Board with a timely opportunity to review overall progress to date and to consider the Board's strategy and priorities going forwards. The residential also played an important part in enabling Board members to get to know each other better and the senior staff team. It has been encouraging to note the seamless integration of new Board members and the effective contribution that they have already made in complementing the experience and skills of the other Directors. This process has been followed through with a Board appraisal exercise to further inform Spirit's approach and direction, as well as acting as a helpful indicator on the further recruitment of new Directors, once again through an external search process, which will be necessary on the planned retirement of two of the original Directors on the completion of their current terms of office later in 2017.

The Programmes

The Board committed further grant funding across a range of projects and programmes under its agreed programme strategy which was updated during the course of the year and revised funding strands adopted. A full analysis of spending and the progress of the grants programme is set out in the Trustee's Report. The level of spending commitment and the amount of income or match funding generated to date remains in line with agreed projections.

The Board properly places great emphasis on the collection, analysis and sharing of learning about the outcomes and impacts generated by its grant making. Effective use is already being made of the interim findings of Spirit's retained external evaluators on both impact and process and this should be further realised as the first three-year reporting cycle comes to an end in 2017. Plans are already in hand for a further evaluation contract for the next three-year period.

The Board's specific commitment to advancing opportunities for young people and those with disabilities has been enhanced through the contributions of the Youth Advisory Panel and the Spirit of Achievement Panel.

Finance and Investment

A full review of the investment policy was carried out by the Finance and Investment Committee, in consultation with Spirit's investment managers Barclays Wealth and Investment Management ("Barclays"), and a revised policy was subsequently adopted by the Board in April 2017.

Spirit of 2012

Report of the Protector

For the Year Ended 31 March 2017

In taking into account investment performance to date, existing and projected commitments, and the stage reached in Spirit's planned ten-year endowment lifespan, the Board has taken the opportunity to restate and clarify the annualised return target and to enhance the quarterly reporting arrangements against which Barclays' performance can be reliably measured and challenged. The policy has also been updated to make clear that Barclays will present in person to the full Board at least once in each financial year. These steps have served to allay any concerns about maintaining an appropriate level of oversight, as required by the Trust Deed.

The Executive Team

The Executive Team, led by the Chief Executive Debbie Lye, has continued to provide excellent and valued support to the Board, the Committees, and the Panels. Papers are routinely circulated in good time in advance of meetings which means that decisions are reached, and reviews undertaken, on a fully informed basis. There was a relatively high turnover in staff this year but I have been satisfied with the explanations given that these have been primarily for reasons of career progression, the opportunities for which are necessarily limited within a small team environment. I have been further reassured by the steps taken since to build the overall focus and strength of the team in the light of this.

As well as leading on the management and implementation of the approved programmes, the Executive team has played a key role in maintaining and monitoring a comprehensive Risk Register in close consultation with, and under the scrutiny of, the Audit and Risk Committee and the Board. Particular risks and issues that have arisen have been dealt with and appropriate lessons learned.

Summary

In summary, the last year has evidenced further steady progress, underpinned by continued strong efforts on the part of the Board and the Executive team to work towards agreed objectives and to refine the approach adopted in the light of the experience gained to date. The signs remain encouraging and there is good reason to believe that the growing impact of these combined efforts will be further evidenced at the Summit that is planned in late 2017 to coincide with Spirit's fourth anniversary of operation.



Jon Siddall
Protector, Spirit of 2012

5 October 2017