



Annual Report and Financial Statements
for the year ended 31 March 2018
Registered Charity Number - 1155110

Spirit of 2012

For the Year Ended 31 March 2018

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Trustee	The sole Trustee is Spirit of 2012 Trustee Limited as Corporate Trustee
Directors	Alan Coppin – Chair Sir Harry Burns Michaela Collins Jane Lady Gibson Linda Grant Vikash Gupta Kieran Harding Graham Loader Swati Patel Susannah Rodgers MBE
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
Principal 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 2018. 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) (as amended for accounting periods commencing from 1 January 2016).

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 1155110) 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 former 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 reappointed him for a further three-year term until December 2019.

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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:

Dugald Mackie – Chair (resigned 5 October 2017)
Alan Coppin – Chair (appointed 5 October 2017)
Sir Harry Burns
Michaela Collins (appointed 5 October 2017)
Paul Cuttill OBE (resigned 14 September 2017)
Jane Lady Gibson
Linda Grant
Efa Gruffudd Jones MBE (resigned 18 April 2018)
Vikash Gupta
Kieran Harding (appointed 11 January 2018)
Carl Konadu (resigned 5 October 2017)
Graham Loader (appointed 5 October 2017)
Swati Patel
Susannah Rodgers MBE
David Watters (resigned 5 October 2017)

During the year, four committees of the Board supported governance, human resources, risk, financial management and the investment strategy and grant making strategy. Each includes at least two Directors of the Trustee. These were:

Audit & Risk Committee	– Chair Graham Loader (formerly David Watters)
Finance & Investment Committee	– Chair Vikash Gupta (formerly Paul Cuttill OBE)
Programme Impact & Evaluation Committee	– Chair Jane Lady Gibson
Recruitment & Remuneration Committee	– Chair Dugald Mackie

On his appointment in October 2017, the incoming Chair, Alan Coppin, reviewed the Committee structure with Board members and decided to disband the Recruitment & Remuneration Committee and redistribute its functions between the Finance & Investment and Audit & Risk Committees. These changes were agreed with the Big Lottery Fund and have been reflected in revised committee terms of reference.

Director recruitment and training

Directors are appointed by the Board to provide the skills, sectoral, national and regional knowledge required by the Charity. As a matter of principle Spirit recruits Directors through open recruitment campaigns posted on our website and supported by agencies. During the period these included Trustees Unlimited and GatenbySanderson who led the search for the new Chair, appointed in October 2017. The identification of a Spirit Youth Advisory Panel (YAP) member to replace Carl Konadu on the Board, and of a Northern Ireland-based director following David Watters' resignation, were both competitive appointments involving applications from and interviews with a limited pool of potential candidates. Before making appointments and before re-appointing serving Directors, Spirit checks Charity Commission and Companies House registers of disqualified Directors. On an ongoing basis the Charity sets Google alerts to alert us to any reason that would disqualify our Directors from continuing to serve Spirit of 2012. New Directors follow an induction process and each 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.

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In addition to the formal committees there is an informal Spirit of Achievement Panel including Board members and external experts which focuses on increasing the inclusiveness and diversity of the Charity's beneficiaries. The new Chair has disbanded the Board Effectiveness Review Panel of three Directors, established by his predecessor in 2015, as he intends to assume leadership of the drive to maximise the effectiveness of the Board, and will engage with all of his Board colleagues in doing so. The Spirit of 2012 Youth Advisory Panel (YAP) also advises the Board, and Board and staff members act as mentors to some of the young people who sit on it. During the year, after a competition among the ten members of the YAP, Michaela Collins replaced Carl Konadu as the Panel Chair and its representative on the Board.

On 4-5 October the second Spirit Residential in Hull brought Board and the senior management team together to engage in strategic planning and to consider the profile of Spirit of 2012 against the backdrop of the UK City of Culture. They agreed their communications ambitions for Spirit of 2012 and explored the contribution they could make to the Charity's communications and marketing going forward. During their stay they had the opportunity to meet the Hull 2017 senior team, see *The Flood Part 2*, one of the Spirit-funded arts commissions, visit the Ferens Gallery, host to the 2017 Turner Prize, and explore the Fruit Market galleries, including the *16,000 Bricks* exhibition celebrating the 0-5-year-old population of the city. They also enjoyed a presentation on *Land of Green Ginger*, a major community arts commission funded by Spirit. A highlight was meeting some of the Hull 2017 volunteers Spirit grant funding has helped to recruit, train and support. All Directors attended and said they felt that it was time well spent in enabling them to get to know each other better, work together and with the executive team more cohesively and see the impact of one of Spirit of 2012's largest grants.

The meeting in Hull was the final one for the founding Chair Dugald Mackie and in wishing him farewell, Board acknowledged his significant contribution in establishing Spirit on a sound basis and guiding the organisation's first four years.

Board and Committee Meeting attendance of Directors

Board Member	Committee Membership	Board Meetings 2017/18	F&I	A&R	R&R	PIE
Dugald Mackie (resigned 05/10/17)	Board Chair, Recruitment & Remuneration Chair, Finance & Investment	3 / 3	2 / 3		2 / 2	
Alan Coppin (appointed 05/10/17)	Board Chair	1 / 1				
Sir Harry Burns	Programme Impact & Evaluation ¹	2 / 4				2 / 3

¹ PIE includes external (non-Spirit Board) members Bill Morris and Professor Chris Bailey

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Board Member	Committee Membership	Board Meetings 2017/18	F&I	A&R	R&R	PIE
Michaela Collins (appointed 05/10/17)	Youth Advisory Panel Chair	2 / 2				
Paul Cuttill (Resigned 14/09/17)	Finance & Investment Chair, Recruitment & Remuneration	2 / 2	2 / 3		2 / 2	
Jane Lady Gibson	Board Vice Chair, Programme Impact & Evaluation Chair	4 / 4				2 / 2
Linda Grant	Finance & Investment	3 / 4	4 / 4			
Efa Gruffudd-Jones (Resigned 18/04/18)	Recruitment & Remuneration	2 / 4			2 / 2	
Vikash Gupta	Finance & Investment	2 / 4	4 / 4			
Kieran Harding (appointed 11/01/18)	Programme Impact & Evaluation	1 / 1				1 / 1
Carl Konadu (Resigned 05/10/17)	Youth Advisory Panel Chair	2 / 2				
Graham Loader (appointed 05/10/17)	Audit & Risk ² Chair, Finance & Investment	2 / 2	2 / 3	1/1		
Swati Patel	Programme Impact Evaluation, Audit & Risk	3 / 4		1 / 2	2 / 2	
Susannah Rodgers	Programme Impact & Evaluation, Audit & Risk	3 / 4		0 / 2		
David Watters (Resigned 05/10/2017)	Chair, Audit & Risk	3 / 3		1/1		

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, Spirit must notify the Protector.

² Audit & Risk Committee also includes external (non-Spirit Board) member Derrick Woolf

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Spirit's remit involves the Charity in working with leading organisations across the fields of sport, arts, events organisations, 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 21 to the Financial Statements. The Executive also maintains a gifts and hospitality register for both Directors and the Executive.

Management

The Spirit Executive comprises Chief Executive Debbie Lye and Director of Policy and Impact, Ruth Hollis, who lead the Senior Management Team (SMT). Other SMT members are Jane Duncan (Head of Finance & Investment), Catherine Riley (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), Olanike Adebisi (Communications Officer) and Jean Vas (Office & Board Administrator).

Business objectives

Spirit has an annual Operational Corporate Plan (OCP) which 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's Risk Management Policy enables 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 that the nature and extent of the Charity's activities may expose it to risk, and regularly and methodically assesses the extent of our exposure to risks and issues, identifying appropriate actions to avoid, manage or mitigate their impact.

The Audit & Risk Committee reviewed and endorsed the Risk Management policy in January 2018. 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

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- processes;
-  assessing risk, and applicants' risk management capability, when considering all grant applications;
-  reviewing risk management policy and processes during annual internal reviews;
-  reinforcing risk management through quarterly operational corporate plan reviews and staff development activities;
-  effectively managing and resolving risks that materialise and become issues.

Principal risks and impact on future activities

The organisation maintains separate Risks and Issues Registers. The Risk Register is designed for the organisation 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
-  maintaining a sufficiently high calibre, suitably qualified and diverse Board to govern the Charity in a year when the Chair and three other Board members stepped down.

During 2016-17 three staff from a team of ten resigned, two of them senior staff (one during their probationary period) and during the period of this report three further established members of staff resigned, including another senior team member. The three-month notice period combined with a focused and urgent approach to recruitment through a rigorous written application and interview process in response to each resignation as well as thorough induction has ensured a smooth transition, so that the vulnerability of Spirit during the transition period (particularly January – July 2017) was minimal. The Board appreciates the new appointments to the Senior Management Team – the Heads of Communications, Finance & Investment and Learning & Impact.

Two of the Director resignations and that of the Chair were scheduled in advance, and anticipated in good time for recruitment campaigns, managed by Trustees Unlimited and GatenbySanderson to identify suitable appointees without leaving the Board light on numbers or essential skills areas. The risk of our Founder, the Big Lottery Fund, feeling the Board was departing from the direction they had set was mitigated by the inclusion of their Chair, Peter Ainsworth, on the Spirit Chair appointment panel in October 2017.

By the end of the period there were no significant programme risks, though during the year risks around larger and more dispersed projects did arise. These were addressed through a range of measures including tighter grant management, senior review meetings, and revised project schedules, some of which resulted in grant underspends which were returned to Spirit.

The Senior Management Team has maintained a separate register of issues, which is held confidentially because of the sensitive information it contains. During the period the employment issue referred to in the 2016-17 report was resolved. There were no live issues by the end of this current period.

The Director of Policy & Impact, the Head of Communications and the Head of Finance & Investment maintain risk registers for the programmes, communications and finance business areas. They escalate those risks that they identify as major, using specified criteria, onto the organisational Risk Register, which

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is subject to monthly SMT, quarterly Board reviews and more detailed Audit & Risk Committee scrutiny biannually.

Whilst recognising that Spirit cannot control external environmental risks – for example, macroeconomic factors like inflation, interest rates and changes legislation – the register does include and list mitigations and contingencies for risks or issues that affect the Charity arising from external influences.

Funding strategy

Spirit makes grants within the framework of a Funding Strategy agreed by the Board. This explains what the Charity will fund, who is eligible for funding, the process for awarding and managing grants and what Spirit expects of our 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.

The Charity publishes bespoke information packs and application forms for each grant round and 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.

Funding Principles

The full Funding Principles and the broader Funding Strategy are published on Spirit's website <https://www.spiritof2012.org.uk/learning/our-impact>. 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 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 of the grantee relating to financial and activity reporting, monitoring and evaluation and communications. Spirit then invites the grantee 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 grantee sign the grant agreement letter – at which point it becomes legally binding. For more complex grants involving multiple partners, we may ask for additional partnership agreements to be in place.

Financial management

The balance of the National Lottery endowment awarded by the Big Lottery Fund 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

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has seen significant gains as the stock market has risen.

In March 2018, the Finance & Investment Committee again 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 & Impact and the Head of Finance & Investment. Barclays Wealth presented four investment strategy scenarios and suggested the median lifetime returns for each one. While recognising that even within a conservative investment strategy it is not possible to predict where markets will go over the next five years, the Committee opted to advise Board to draw down cash flow requirements firstly from sums on deposit, fixed income accounts and bonds, while being alert to opportunities to sell longer term investments and the remaining two structured notes at the optimum rate. Monthly calls between the Finance & Investment Committee Chair, the Head of Finance & Investment and Barclays Wealth support this vigilant approach.

The overall Programme grant expenditure strategy remains as agreed by Board on 28 September 2016, when Directors allocated funding across specified projects and programme areas including actual or, in the case of grants not yet awarded, planned annual and lifetime cash flow projections. The annual Budget that Board approves at the commencement of each financial year profiles both programme and core expenditure.

The Procurement Policy specifies that in its pursuit of transparency and value for money Spirit must tender for services valued at more than £10,000. Any individual contract valued at more than £10,000 requires the approval of a Director. The Audit & Risk Committee also reviews the list of all contracts annually.

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 and together these two sets of objectives form the personal development plan (PDP). All staff review the OCP and their own PDPs quarterly. At the mid-point and end of each year, staff and line managers together assess each individual's performance against their personal and development objectives with a focus on 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 Spirit'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. It also helps to inform the continuing professional development of our staff and supports them to achieve their longer-term career ambitions, as well as to enhance their job satisfaction during their Spirit employment.

There is no remuneration element to the individual 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. The Charity produces and publishes internally a salary-setting policy to maximise the transparency of the process.

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In October 2017 Board asked the Spirit Executive to include an overall assessment of the team's performance based on achievement of the objectives within the Operational Corporate Plan, and capturing exceptional achievements and any failures, to inform their annual salary review in October 2018. The Spirit Executive will model this during the summer of 2018.

OBJECTIVES AND VALUES

Purpose

Spirit of 2012 is a funding charity, established by the Big Lottery Fund with a £47m endowment from the National Lottery. Spirit was founded to continue and recreate the spirit of pride, positivity and social connectedness that people experienced during the London 2012 Games.

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 and 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; and
- ✚ promoting greater understanding, and meeting the needs, of people with disabilities and, thereby, encourage their social inclusion and to use training and other activities to build their confidence and inspire others.

Mission

Spirit funds projects that bring people together – to learn something new, do something different, or experience something unique – and that leave behind a social legacy of increased wellbeing at an individual level, as well as happier and more connected communities.

Strategic objectives

These are designed to deliver 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 attitudes towards and 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.

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Values statement

Board and staff discussed the importance of the Charity being a values-driven organisation and collectively agreed the following in October 2016 (building on an earlier values statement first produced in 2014):

"We are not a faceless funder; we stay close to our projects. We invest in happiness by empowering people to get active, connected and creative 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."

ACHIEVEMENTS AND PERFORMANCE

Grant making

During the year, Spirit entered into 23 new grant agreements with organisations to deliver projects across the UK. In addition, the Charity made 2 additional grant awards to existing grantees: The Mighty Creatives and Verbal Arts Centre, NI. 10 project grants closed during the year. At the end of the year, the Charity was managing 45 live grants. Spirit has committed a total of £27.9 million to grants over its lifetime and has spent £21.8m of that. Grantees have returned £897,619 of the latter figure to us as grants underspent. Over the year the Charity committed £2,175,519.

Programme income & match funding

In 2013, the Board of Directors agreed with the Big Lottery Fund to generate a target of £20 million as income or match funding over the 10-year lifetime of the Trust. To date, Spirit has secured £15.62 million in match funding and received grant income of £2.37 million (from the Scottish Government and the #iwill campaign fund) making a total of £17.99 million. In addition, grant recipients and funding partners have committed at least a further £0.8 million, as recorded in grant agreements on grants live at the year end. Some projects have already delivered above their target over the life of the project which is a great achievement so this figure may even increase by the time the current projects complete.

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. It is focused 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.

Within that context Spirit funds projects that 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. They 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 design, development and leadership of the projects.

A fourth funding strand is an 'Incubator' strand, established in response to feedback from the Board that Spirit should use its resources, and influence as a Funder, to nurture new ideas and support models that have been piloted to upscale. Every two years the Board ring-fences £100,000 of this money to fund

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themes and projects selected by the Spirit of 2012 Youth Advisory Panel. There is further information about these strands and about all funded projects and programmes on the Spirit website <http://www.spiritof2012.org.uk/>

Spirit of 2012 impact statement

Spirit's commitment to individual and social change is represented in a Theory of Change and 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, including self-perceptions, and attitudes 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.

From the outset, the Board has prioritised the collection, analysis and sharing of learning about the outcomes and impacts generated by its grant-making. The Theory of Change provides 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.

Projects Funded during the year

The following list includes all the 45 projects funded during the year, 10 of which have closed, while 25 new projects were awarded grants. At the end of the year there were 45 live projects as well as several in the pipeline, which are outlined under Plans for the Future. The live list includes seven *Changemakers* grants made through a contract with the Fawcett Society. In addition, we entered into two contracts which support the furtherance of our charitable objects:

-  with Sporting Equals with whom we sponsored a BEDSA for Connecting Communities, which this year was won by the Manchester Women's Sport Project, and
-  with Participation People who support the development and operation of the Youth Advisory Panel.

Projects are listed under their strategic activity strand headings. There is more information about all of them on our website.

Active

Everybody Dance is an award-winning project run across 5 Lancashire locations by user-led Dance Syndrome. It 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 Activity Alliance (formerly the English Federation for Disability Sport) for a four-year UK wide initiative to support inclusive approaches to engaging the least active in

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physical activity. It works with people in eighteen localities across the UK.

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. At the end of 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. All eleven grants have now closed, and Phase 2 of the project is now rolling out the learning, encapsulated in the on-line *Thrive* toolkit, through Road Shows and six Physical Activity Ambassadors who are supporting and training representatives from other organisations in Scotland to replicate the most effective approaches.

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

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.

The Sporting Equality Fund is a £370,100 grant fund, which Spirit administers for the Scottish Government. The intention is to increase levels of activity among women and girls across Scotland, and at the same time to gather learning of how most effectively to do this. In September 2017 Spirit chaired the awards panel comprising representatives of the Scottish Government, **sportscotland** and the **sportscotland** Youth Panel, Scottish Women in Sport and the *Legacy 2014 Physical Activity* Ambassadors. The panel awarded 14 grants ranging in size from £15,000 to £25,000 for year-long projects. The grantees are: The Adventure Syndicate, Bike for Good, Fife Council, Fighting Chance, North Ayrshire Leisure, Netball Scotland, PEEK, the Ripple Project, Scottish Sports Futures, Scottish Women Warriors Wheelchair Basketball, Scottish Youth Dance, Street League, Venture Trust, and Z1 Girls' Group.

Connected

Changemakers. A contract with the Fawcett Society to manage a programme of seven small one-year grants (of up to £15,000) throughout the UK closed during the year and we await the final evaluation report. A representative of Fearless Futures spoke eloquently to an audience at the Royal Albert Hall Fawcett Society celebration of the centenary of the first women winning the right to vote about the empowerment and confidence the grant had offered young women who previously felt they had no voice. The seven grant recipients and locations were: Amina WRC (Glasgow), Blueprint 22 (the South East of England), Disability Wales (Wales), Fearless Futures (North East of England), Leap Confronting Conflict (London), the Runnymede Trust (Lewisham) and Stills (Edinburgh).

Connecting Communities through Cricket – In July 2017 the Board agreed to award the Youth Sport Trust and Sporting Equals a grant of £18,500 to form a partnership to develop a single plan building on their separate Stage 1 applications for this grant opportunity. The intention is to harness the love of cricket which is deeply rooted in many different ethnic and religious communities to increase social cohesion in towns and cities across England. At their meeting in January 2018, Board agreed to fund the Stage 2 application in full and awarded a grant of £1,770,651 to the Youth Sport Trust to manage *Breaking Boundaries* (new project title) which they and Sporting Equals will deliver alongside local authorities,

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county cricket foundations and other local partners in Barking & Dagenham, Bradford, Birmingham, Manchester and Slough.

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

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 in the process of closing.

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.

Inspired Action was managed by the British Red Cross. The project closed during the year, but the British Red Cross continues to use the Spirit-funded *Inspired Action* toolkit internally and promotes its use with other organisations looking to diversify their volunteering base.

Team Spirit (formerly *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. Board awarded the grant 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 engaged organisations in sharing and establishing good practice guidelines for events volunteer management that can be embedded in and applied consistently to diverse events ranging from international sporting championships to Eisteddfods. The project closed during the year.

WOW! Spirit. In October and November 2017, the Southbank centre staged three *WOW! Spirit* festivals in Perth, Exeter and Bradford. This was the second group of festivals our grant to them will fund over three years. During 2017, Spirit increased the grant to the Southbank Centre by £44,005 to ensure there is programme capacity in place locally and in the South Bank Team to market, co-create and deliver high quality and inclusive festivals.

Creative

Reading Rooms – Beyond the Walls is one of two projects awarded a grant by the Youth Advisory Panel in 2016. 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. Staff and YAP members visited the project and were favourably impressed by the sensitivity with which Verbal Arts uses literary texts with participants to reflect on their lives, choices and actions. The initial project increasingly engaged the probation service and other agencies involved in the criminal

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justice system in Northern Ireland and when it was due to close in October the Youth Advisory Panel and the Spirit Board awarded Verbal Arts extended impact funding of £99,840 to continue the project for a further two years, engage more participants and partners and expand their learning about how their methods might reduce reoffending amongst participants.

Cultural Shift, the performance arts project run by Stockton Arts Centre to promote disability equality, culminated with *Conviva*, a Symposium designed to share learning from the project about disability led best practice among practitioners. *Cultural Shift's* programme of workshops, participation events and productions has challenged negative perceptions of disability and created more opportunities for inclusive production and participation in the arts.

Emerge This year 12 young artists, commissioned by The Mighty Creatives across East and West Midlands locations, staged 12 festivals showcasing the voice and creativity of young people, inspired by the 400th anniversary of Shakespeare's death. The April 2018 festivals were the culmination of youth theatre workshops and seminars in Ashfield, Boston, Corby, Horncastle, Mansfield, Spalding, South Holland, Cannock, Dudley, Sandwell, Walsall, Tamworth and Wolverhampton.

Hull 2017 UK City of Culture. As a Principal Partner of Hull 2017, Spirit funded work to realise the transformative effects of arts and culture on the health and wellbeing of individuals and diverse communities including support for the 2,400 highly successful Hull volunteers programme. We also sponsored several of the most striking and successful City of Culture programmed events including the community arts project *Land of Green Ginger*, *The Flood*, *LGBT 50*, *Square Peg*, and *Look Up*.

Making Routes, managed by Oasis Play, was a highly successful 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. The project closed during the year and activity culminated in a well-attended festival in October 2017.

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. The project has seen significant increases in the wellbeing of participants.

Rhythm and Respect was an inclusive music project in Plymouth, managed by Plymouth Music Zone. It was funded by one of the two 2016 Youth Advisory Challenge Fund grants of £50,000. The project closed during the year.

Unlimited Impact, is a Shape Arts/Artsadmin partnership project to develop the careers of and audiences for young disabled artists. In March 2018, Unlimited announced six new Spirit funded *Unlimited Impact* awards to projects including music, theatre, dance and literature in Norwich, Nottingham, Glasgow and Manchester.

Viewfinder, the Beacon Films (formerly Beacon Hill Arts) project offering training and skills development for disabled young film-makers in the Newcastle area was scheduled to close. However, in April 2018, Board agreed to award Beacon Films an extended impact grant of £99,000 for *Viewfinder Plus* to offer advanced training, volunteering and potentially employment opportunities to existing participants and engage new trainees.

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Incubation Fund

One Million Mentors. Last year's £50,000 award to youth leadership organisation UpRising to develop an online mentoring platform supported the pilot version of the mentor recruitment and training platform to go live. The project signed up 600 mentors (the target was 500) in Manchester, Cardiff and London. They established over 230 new mentoring relationships, hosted training events for new mentors in all three cities and learned some lessons on which to build in future. Users found the online platform easy to use and rated the online and offline training highly. Company participants felt the One Million mentoring offer would be a good development opportunity for their staff, and employers felt it had the potential to connect them to local talent within their communities. They also learned more about the motivations of mentors which is rooted in people's sense of their own self-development, a commitment to social mobility and a desire to see improved social cohesion.

Festival City Volunteers. In November Spirit awarded £50,000 to Festivals Edinburgh Limited to recruit, train and deploy 500 volunteers from across Edinburgh and Lothians, to enhance the visitor welcome during the city's 12 annual festivals. Volunteers will reflect the full diversity of the city's population and particular attention will be paid to removing barriers that previously prevented some sections of the community from participating. Every volunteer will receive training and develop a bespoke action plan, ensuring they all can access personal development opportunities, including learning and skills, employability, health and wellbeing, further volunteering opportunities and cultural experiences.

#iwill Campaign Learning Partnership Spirit awarded £50,000 to the #iwill campaign in September for research into the campaign's impact to date and to ensure their strategy fulfils their vision of making Youth Social Action part of life for all young people aged 10-20. The grant will fund the capture of core data on Youth Social action through a survey tracking progress towards the #iwill campaign goals which will provide insight into, motivations and barriers to, young people's participation. #iwill will also continue to build *Horizon*, an online tool to capture the availability of Youth Social Action opportunities and reveal hotspots and gaps in provision across the UK. They will also collate further evidence on the impacts of social action through current and new campaign partners, use it to inform and direct future strategy and practice, and disseminate it across their extensive networks. Ultimately their aim is to use the learning generated through this grant to inspire behavioural change so more young people engage in Youth Social action and support a lasting legacy beyond 2020.

National Paralympic Heritage Regional Exhibition. In April 2017 Spirit awarded an Incubation Fund grant of £5,000 to the National Paralympic Heritage Trust for a project in Norwich which engaged disabled and non-disabled people in learning and discussion around the Paralympic movement and culminated in a two-month exhibition in Norwich Cathedral, run by local volunteers and featuring memorabilia contributed by local people and visits by Paralympians.

Making Routes Festival Film Project. The two-year Spirit-funded Oasis Children's Venture project, *Making Routes*, delivered with Battersea Arts Centre and the South London Gallery, was due to culminate in an inclusive festival during the weekend of 27- 29 October 2017. In September Spirit awarded a small grant of £6,000 to Oasis Children's Venture, for a partnership with another Spirit grantee, Beacon Films designed to place disabled people's creativity at the heart of the *Making Routes* Festival. A team of learning disabled filmmakers from Beacon Films collaborated with the *Making Routes* team to produce creative and accessible film documentation of the festival.

Other awards

The Year of Young People National Lottery Fund. In March Spirit contributed £50,000 to a £550,000 joint scheme of Scotland's National Lottery distributors, Big Lottery Fund, Heritage Lottery Fund, **sportscotland**,

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and Spirit of 2012. The fund offers grants of between £3,000 and £10,000 to heritage, community and sports projects run for and by young people aged 8 to 26 years old designed to improve their health and wellbeing. The fund is for projects that:

- ✚ Encourage positive mental health for young people;
- ✚ Inspire young people to lead active lives;
- ✚ Involve young people in the development, design, running and evaluation of the project
- ✚ Celebrate and share young people's achievements.

The Heritage Lottery Fund will administer the scheme.

BEDSA Spirit of 2012 Connecting Communities Award. For the second successive year 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 the Manchester Women's Sport Project, a multi-faith initiative engaging women in a range of sports and physical activities.

Stopgap Dance. Spirit grantee Stopgap Dance issued a public appeal after their van full of performance equipment and costumes was burgled in March. Spirit made a contribution of £1,000 to this appeal.

Youth Advisory Panel (YAP)

Spirit 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 social media. The second YAP cohort is now securely established and members have engaged in a range of activities including public speaking (notably at the Spirit Summit in October 2017), project design, project assessment, observation at Board meetings, participation in learning events, interview panels (including the interview for the recently appointed Spirit Chair, Alan Coppin) and project visits on behalf of Spirit. During the period Carl Konadu, the first YAP Chair and Spirit Board Member, stepped down and was replaced, after a competition within the YAP, by Michaela Collins. A YAP recruitment campaign in Northern Ireland and Wales during the year resulted in the appointment of two new YAP members, Thomas Copeland and Eloise Stingemore. Two vice Chairs, Sana Amin and Libby Powell, support Michaela in her role.

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.

Improve subjective wellbeing

*What does this mean for the **people** our money supports?*

- ✂ Our independent evaluation report published in October 2017 showed a 10% increase in the number of people with high life satisfaction, a 6% increase in the number of people who said life was worthwhile, a 9% increase in the number of people saying they were happy yesterday and a 6% increase in the number of people with low anxiety levels.³
- ✂ Some of the projects we funded this year saw even bigger gains: 78% of Creative Art East's elderly participants report increased wellbeing levels⁴, whilst 91% of attendees at Verbal Art Centre's weekly reading group attributed increased feelings of wellbeing to the project.⁵
- ✂ We have heard numerous stories about the transformative impact of the projects we fund. Neil, a volunteer in the £4.5m GOGA programme run by Activity Alliance, explains: "If you had seen me before I started volunteering, I was a mess; I didn't really take care of my appearance, I was overweight, I was an alcoholic and I was depressed all the time." Neil regularly volunteers with young disabled people in his community, and his new-found skills and confidence helped him to get a new job.

*What does this mean for the **places** our money is invested in?*

- ✂ The £3.5m Fourteen project entered its third and final year in 2017/18. By providing local people with the decision-making power to allocate funds in their own communities, it has provided the opportunity for them to take a holistic look at wellbeing in their area. In Mid-Rhondda, the group were particularly interested in supporting socially isolated people who needed support to engage with the community. One attendee of Cambrian Village Trust's physical activity programme explained: "This project is the best thing I've ever done, it gets me out of the house and has given me the confidence to go out by myself, as well as to try things I'm not confident in."

³ For full report by InFocus enterprises see: <https://www.spiritof2012.org.uk/file/2470/download?token=cAjxwJW8>

⁴ Data from 98 participants measured every 3 months using the Canterbury Wellbeing Scale

⁵ Data from 47 participants who answered 'Do you feel better about life as a result of attending this project?'; supported by 33% increase in participants reporting high life satisfaction between base and endline.

*How have we affected organisational **processes** to achieve the best outcomes?*

- ✚ We have increased the emphasis on our application forms and grant reporting on the need to reach out to participants with low levels of wellbeing, as these are where we believe we can make the biggest gains. Our 3-year summative evaluation showed that Spirit participants tend to start off with significantly lower wellbeing than the national average.
- ✚ We have increased our support for capacity building so that projects are better equipped to measure and understand participant wellbeing: we ran 5 learning events in 2017/18 for grantees to get together and share best practice and contracted the Behavioural Insights Team to provide direct evaluation support.
- ✚ All of the grants funded through the Scottish Government's *Sporting Equality Fund* – managed by Spirit – have integrated the ONS4 wellbeing measures into their evaluation plans. Alongside this, our Thrive toolkit⁶ supports small physical-activity organisations to build on the learning of our previous funding rounds about how to get the least active people, active.

Improve perceptions (including self-perceptions) of and attitudes to disability

*What does this mean for the **people** our money supports?*

- ✚ *Making Routes*, the joint collaboration with Oasis Play, Battersea Arts Centre and South London Gallery came to a close with a three-day inclusive festival. One of the commissioned artists explained: "It's made me feel hopeful too ... why isn't everything like this? If that thought got put into everything could it be like this? It feels important so that you can draw on that positive stuff when things feel harder."
- ✚ Research on Plymouth Music Zone's *Rhythm & Respect* found that it "provides a safe, welcoming, environment with "stress-free" non-judgemental staff who are loving and caring but also keen to have fun, who dedicate time and patience to understanding post-verbal people . . . It models an inclusive community by combined celebrations and performances bringing people together who would never normally meet, making and remaking a community where words are not paramount or even necessary."

*What does this mean for the **places** our money is invested in?*

- ✚ Stockton Arts Centre's Spirit funded project, *Cultural Shift*, came to an end in Feb 2018. The funding gave the venue the time and resources to explore what truly inclusive programming looked like: commissioning more work from disabled artists, providing disability equality training to theatre staff and offering a range of inclusive

⁶ To view the toolkit visit <http://thrivetoolkit.org.uk/>

How have we affected organisational processes to achieve the best outcomes?

opportunities for creative participation. According to their evaluator *Cultural Shift* was "less of a project, more a process of organisational change."

- ✚ Collecting comparable data for this outcome is challenging, but we are proud that many of our partners have embraced that challenge, using innovative techniques to gather evidence and discover what works best to make their activities genuinely inclusive. The *Making Routes* team published Easy Read and creative evaluations in a suite of resources reflecting on their project.
- ✚ We continue to prioritise the need for organisations to ensure disabled and non-disabled people can participate together in project activities. This often involves expert organisations such as the Activity Alliance (formerly EFDS) or dance company Stopgap cascading their knowledge and skills to others. In 2017/18, as part of their Spirit-funded *Project Seafarers*, Stopgap has trained dance teachers across Norfolk and Norwich in how to deliver inclusive provision.

Social cohesion improves

What does this mean for the people our money supports?

- ✚ The joy of social connection, particularly for isolated or vulnerable people, is at the heart of many of our projects. The RFU's *Spirit of Rugby*, which closed this year, saw this in many different communities. In Liverpool, a newly formed LGBT team – the Tritons – has increased participants' confidence and enabled them to connect with others. Prior to Liverpool Pride 2016 Stuart felt that he was 'too fat' to participate in sport. The team assured him that there was a place for everyone regardless of body type. In Summer 2017, Stuart became the vice-captain and has a completely different outlook 'I feel like a different person, I no longer hide in the crowd because of my appearance, now I stand proud in a group of people and ensure I let my personality shine, which before joining was just something I couldn't do'.
- ✚ Young volunteers who came together last year for Bradford's first *Women of the World* festival have continued to build on their experiences, demonstrating the legacy of high quality events at building lasting community connections. Amongst thirty-nine different follow-on activities from the event identified by our external evaluation, is 'Speaker's Corner': a series of events about issues that matter to local people, completely run by the teenage girls who helped design the 2016 festival.

What does this mean for the places our money is invested in?

- ✚ Many of the community representatives who took part in the *Fourteen* project explained how they developed skills and ideas that enabled them to apply for funding from other sources. The community group

How have we affected organisational processes to achieve the best outcomes?

in Monkstown, Northern Ireland, awarded £20,000 to *Aspire*, a project to support young people at risk of exclusion to increase their attendance and improve behaviour at school. It has now received a further £600,000 from other sources.

✚ Hull's residents survey reveals that between 2015 and 2016 there were significant increases in the number of people who are proud to be from Hull, feel connected to their community and feel like their local area is a place where people from different backgrounds get along. There was a strong emphasis across the City of Culture year on events that brought people together in community spaces – and 87% of Hull audiences agreed that the artistic programming “placed the community at the centre”.

✚ In 2017/18 we announced our first major grant award aimed at improving social cohesion in areas with high levels of segregation and ethnic tension – *Breaking Boundaries*.

✚ A common theme throughout many of our grants is the development of effective national and local partnerships. In 2017/18 Spirit funded *Women of the World (WOW)* festivals in Bradford, Perth and Exeter. The project evaluation emphasised the importance of the collaboration between the prestigious, highly experienced Southbank team, and local people who knew and understood what mattered to their community.

✚ We facilitate these local and national partnerships through development grant funding. We provided three development grants in 2017/18 so that national organisations had the time and resource to nurture strong local partnerships that have reach into and credibility with underserved communities. *Breaking Boundaries* (Youth Sport Trust and Sporting Equals) and *EmpowHER*(UK Youth) were both given development funding during the application process that enabled them to do detailed planning with representatives from their proposed localities.

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COMMUNICATIONS

The year 2017–18 saw a focus on consolidating and communicating our reputation as a responsible funder creating a lasting legacy of improved wellbeing and better-connected communities. We hosted the Spirit Summit in October at which we communicated the findings of our first summative evaluation to a diverse group of project partners and other stakeholders, and have built on this with further collateral emphasising the links between our investment of funds and happier, healthier individuals and groups.

We rebuilt the Spirit website, utilising the in-house skills of our communications team as well as our effective working relationship with our web hosts Big Mallet to bring this project in on time and with no additional expenditure from the Spirit of 2012 communications budget. The website received 57,593 page-views between 1 May 2017 and 30 April 2018 with most visits coming from London, Glasgow and Edinburgh.

We have built on our relationship with one of our grantees, Beacon Hill Films, who are now providing us with editing and training services while we skill up the communications team and other staff so that we can capture images and edit films of all our projects. A rolling programme of filming and sound recording visits will begin in July 2018.

We have continued to build our social media audiences, from 7,620 on Twitter (April 2017) to 8,497 (April 2018). For Facebook we have 440 followers and for Instagram we have 446.

During the next year we will follow the 2017 Summit with an exhibition celebrating the centenary of the first women winning the right to vote, allowing us to showcase Spirit of 2012's support of projects that empower girls and young women.

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FINANCIAL REVIEW

Income generation

During the year, Spirit received grants totalling £1 million from the BIG Lottery Fund as match funding for our Girls and Young Women programme and £20,100 additional funding from the Scottish Government in relation to the Sporting Equality Fund. Total incoming resources are shown in the Statement of Financial Activities at £1,560,168.

Grant expenditure

Total grant expenditure of £2,175,519 was committed in the year to 31 March 2018 across the three Spirit themes Active, Connected and Creative and the Incubation Fund.

Other costs

Other direct charitable expenditure costs relating to the Spirit Programmes amounted to £530,650 in the year. Total outgoing resources are shown in the Statement of Financial Activities at £3,168,961.

Fixed assets

During the year, Spirit purchased fixed assets with a cost of £3,132 and the net book value at 31 March 2018 was £14,413.

Director remuneration

During the year, ten of the Directors claimed expenses. The total amount of expenses reimbursed to Directors was £6,106. 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, were set and annually reviewed by the Recruitment & Remuneration (R&R) Committee which was chaired by Dugald Mackie and included Paul Cuttill and Efa Gruffudd-Jones. This responsibility will be undertaken by the Finance and Investment Committee from 2018 due to the committee structure changes mentioned above.

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 R&R committee subsequently approved a staffing structure, based on a four-pay band model, with levels benchmarked against other, similar roles in the voluntary and public sectors.

The Audit and Risk 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). This work was previously undertaken by the R&R committee.

The Chief Executive and one other member of staff received remuneration of more than £60,000, as outlined in note 8 to the Financial Statements.

During the year, the committee agreed a 2.6% 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.

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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 £44,489 for all staff in the organisation. Currently all eligible staff are members of the scheme.

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 £46 (2017: £nil) over the year, so the total remuneration and benefits paid to the Protector was £10,046.

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. The investment managers are also invited to attend Board meetings at least annually to give an account of their performance, review the drawdown policy over the remaining life of the endowment and respond to any questions that the Board has regarding the investments.

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 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, the Board in discussion with the Founder 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 2017, there were total reserves of £24,002,460 and at 31 March 2018 reserves had reduced to £22,645,486. These consist of £1,176,731 (2017: £562,017) restricted reserves as detailed in note 18 of the financial statements. The remaining reserves of £21,468,755 (2017: £23,440,443) is for use by the Charity to further its objects and will be allocated to projects and funds on award of grants by Board.

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PLANS FOR THE FUTURE

The charity will continue to make and manage grants from April 2018 within the framework of the lifetime programme strategy agreed by the Board. It is already clear that this will be a particularly busy period.

The strategic networks in the domains of physical activity and health that Spirit is building in Scotland offer us the opportunity to work with national stakeholders in the public and voluntary sectors to collect and apply learning emerging from a range of initiatives. These include the Scottish Government funded Sporting Equality Fund and the Year of Young People National Lottery Fund. In June 2018 we announced a new partnership related to this theme with the Scottish Government, **sportscotland** and the Robertson Trust and a further Scottish Government grant to Spirit. All of this learning will inform the continuing development of local GOGA initiatives during the period.

In April 2018 Board made several significant grant awards to projects which will become operational later this year once grantees have established delivery teams and captured the project baselines. The largest grant is an award of almost £1.8m to UK Youth for *EmpowHER*, to help young women in Bristol, the West Midlands and the North West to develop voice and engage in social action, through a partnership with the British Red Cross.

Also in April this year Board agreed to grant £600,000 to Absolutely Cultured, the Hull 2017 UK City of Culture legacy company, to continue, expand and create a sustainable future for the highly esteemed volunteering programme. At the same meeting they approved Extended Impact grant awards of £99,000 to Beacon Films (see page 16) and £450,000 to Springboard CIC in Northern Ireland to continue the *Fourteen* community development initiative in Monkstown & New Mossley and Creggan, and to engage a third community, Limavady.

The £1.8m three-year *Breaking Boundaries* initiative which aims to foster social cohesion through cricket, will also become operational in the summer in the five locations of Barking & Dagenham, Birmingham, Bradford, Manchester and Slough.

The Southbank Centre will stage four *WOW Spirit* festivals during October and November 2018 in Bradford, Cardiff, Exeter and Perth.

There will also be announcements of grant awards relating to the first Sport Challenge Fund, launched in January 2018, and to the Music for mental health and wellbeing Challenge Fund, that was launched in June 2018.

The Executive Team is in dialogue with the Coventry 2021 UK City of Culture team about the size and scope of a potentially significant award and, more specifically, about their proposals for a development grant later this year to support initial planning and baselining in ways that further the Spirit of 2012 Charitable Objects and Impact Statement.

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Trustee's Report

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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:

Alan Coppin

Chair

11 July 2018

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Statement on the System of Internal Controls

For the Year Ended 31 March 2018

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.

Alan Coppin

Chair

11 July 2018

Debbie Lye

Chief Executive

11 July 2018

Spirit of 2012

Independent Auditor's Report to the Trustee of Spirit of 2012

For the Year Ended 31 March 2018

Opinion

We have audited the accounts of Spirit of 2012 (the 'Charity') for the year ended 31 March 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the accounts:

- give a true and fair view of the state of the Charity's affairs as at 31 March 2018 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.

Basis of opinion

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

Conclusions relating to going concern

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

- the Trustee's use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- the Trustee has not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the Charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the accounts are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The Trustee is responsible for the other information. Our opinion on the accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the accounts or a material misstatement

Spirit of 2012

Independent Auditor's Report to the Trustee of Spirit of 2012

For the Year Ended 31 March 2018

of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the accounts is inconsistent in any material respect with the Trustee's Report; or
- sufficient accounting records have not been kept; or
- the accounts are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustee

As explained more fully in the Statement of Trustee's Responsibilities, the Trustee is responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the Trustee is responsible for assessing the Charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

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

Other matters

Your attention is drawn to the fact that the Charity has prepared accounts 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) as amended" in preference to the "Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005" which is referred to in the extant regulations but has now been withdrawn.

Spirit of 2012

Independent Auditor's Report to the Trustee of Spirit of 2012

For the Year Ended 31 March 2018

This has been done in order for the accounts to provide a true and fair view in accordance with Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2016.

Use of our report

This report is made solely to the Charity's Trustee in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the Charity's Trustee those matters we are required to state in an auditor's 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 the Charity's Trustee for our audit work, for this report, or for the opinions we have formed.

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: 25 July 2018

H W Fisher & Company is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under of section 1212 of the Companies Act 2006.

Spirit of 2012

Statement of Financial Activities

For the Year Ended 31 March 2018

		Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2018 £	Total Funds 2017 £
	Notes					
INCOME						
Charitable Activities						
Grants	3	-	1,020,100	-	1,020,100	550,000
Investment Income	2	540,068	-	-	540,068	625,065
Total Income		540,068	1,020,100	-	1,560,168	1,175,065
EXPENDITURE						
Raising Funds						
Investment Management Costs		-	-	106,100	106,100	138,525
Charitable Activities						
Active		49,413	405,386	-	454,799	5,399,753
Connected		2,187,473	-	-	2,187,473	1,729,555
Creative		192,513	-	-	192,513	1,817,612
Incubation		228,076	-	-	228,076	123,065
Total Expenditure	4-9	2,657,475	405,386	106,100	3,168,961	9,208,510
Net Gains on Investments		-	-	251,819	251,819	2,840,950
Net Income/(Expenditure)		(2,117,407)	614,714	145,719	(1,356,974)	(5,192,495)
Transfers Between Funds	17	2,657,475	-	(2,657,475)	-	-
Net Movement in Funds		540,068	614,714	(2,511,756)	(1,356,974)	(5,192,495)
Total Funds Brought Forward at 1 April 2017	17	2,368,972	562,017	21,071,471	24,002,460	29,194,955
Total Funds Carried Forward at 31 March 2018	17	2,909,040	1,176,731	18,559,715	22,645,486	24,002,460

All incoming resources and resources expended derive from continuing activities

Spirit of 2012

Balance Sheet

As at 31 March 2018

		2018		2017	
		£	£	£	£
	Notes				
Fixed assets					
Tangible assets	11	14,413		18,885	
Investments	12	25,151,049		26,896,112	
			25,165,462		26,914,997
Current assets					
Debtors	13	581,829		23,069	
Investments: Short term deposits	14	1,791,026		5,884,292	
Cash at bank and in hand		1,420,516		600,388	
		3,793,371		6,507,749	
Creditors : Amounts falling due within one year	15	3,729,891		5,375,645	
Net current assets			63,480		1,132,104
Total assets less current liabilities			25,228,942		28,047,101
Creditors : Amounts falling due after more than one year	16		(2,583,456)		(4,044,641)
Net assets			22,645,486		24,002,460
Represented by					
Endowment Funds	17		18,559,715		21,071,471
Restricted Income Funds	17		1,176,731		562,017
Unrestricted Funds	17		2,909,040		2,368,972
Total Charity funds	20		22,645,486		24,002,460

The notes on pages 34 to 48 form part of these accounts

Approved by the Corporate Trustee, Spirit of 2012 Trustee Limited, on 11 July 2018

And signed on its behalf by

Alan Coppin
Chair
Director of Spirit of 2012 Trustee Limited

Spirit of 2012

Statement of Cash Flows

For the Year Ended 31 March 2018

	2018 £	2017 £
Cash flows from operating activities		
Net cash used in operating activities	(5,806,956)	(7,764,039)
Cash flows from investing activities		
Interest from investments	540,068	625,065
Purchase of fixed assets and equipment	(3,132)	(10,645)
Proceeds from sale of investments	5,485,130	13,322,548
Purchase of investments	(3,488,248)	(3,784,942)
Net cash provided by investing activities	<u>2,533,818</u>	<u>10,152,026</u>
Cash flows from financing activities		
Net decrease/(increase) in funds on deposit	<u>4,093,266</u>	<u>(3,149,093)</u>
Net movement in cash and cash equivalents in the year	<u>820,128</u>	<u>(761,106)</u>
Cash and cash equivalents at 1 April 2017	<u>600,388</u>	<u>1,361,494</u>
Cash and cash equivalents at 31 March 2018	<u><u>1,420,516</u></u>	<u><u>600,388</u></u>

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

	2018 £	2017 £
Net expenditure for the year (as per the Statement of Financial Activities)	(1,356,974)	(5,192,495)
Adjustments for:		
Depreciation	7,604	11,830
Gains on investments	(251,819)	(2,840,950)
Interest from investments	(540,068)	(625,065)
Loss on disposal of fixed assets	-	344
Increase in debtors	(558,760)	(1,355)
(Decrease)/increase in creditors	(3,106,939)	883,652
Net cash used in operating activities	<u><u>(5,806,956)</u></u>	<u><u>(7,764,039)</u></u>

Analysis of Cash and Cash Equivalents

	2018 £	2017 £
Bank Current Accounts	1,420,516	600,388
	<u><u>1,420,516</u></u>	<u><u>600,388</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) (as amended for accounting periods commencing from 1 January 2016) - (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. If a grant has not been received but has been legally committed to by the funder then it is accrued in the year of commitment.

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.

Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The Trustees do not consider there to be any estimates or judgements that are critical to the financial statements

2 Investment Income

Unrestricted Funds	2018	2017
	£	£
Income from listed investments	523,630	585,163
Bank interest receivable	16,438	39,902
	<u>540,068</u>	<u>625,065</u>

Income from listed investments can be analysed as follows;

Fixed Interest	217,309	253,060
Equities	167,457	172,829
Alternative investments	138,864	159,274
	<u>523,630</u>	<u>585,163</u>

3 Grant Income

During the year the following funds were receivable:

Restricted Funds	2018	2017
	£	£
Scottish Government - Legacy 2014 - Phase 2	-	200,000
Scottish Government - Sporting Equality Fund	20,100	350,000
BIG Lottery - #iWill campaign	1,000,000	-
	<u>1,020,100</u>	<u>550,000</u>

The grant receivable in the year from BIG Lottery remained unspent at the year end and is included in Restricted Funds. There are no unfulfilled conditions or contingencies attached to this income which will be spent over the next 3 years being Match funding for the EmpowHER project.

The funds receivable from the Scottish Government have been partially spent and the remainder is due to be spent in the next year so remains in Restricted Funds at the year end.

Spirit of 2012

Notes to the Financial Statements (Continued)

For the Year Ended 31 March 2018

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.

	2018		2017	
	£	£	£	£
Grant Making (see note 5)		2,175,519		8,181,185
Other Direct Charitable Expenditure				
Programme Development - Staff Costs	309,807		303,427	
Programme Development - Other	142,049		62,402	
Communications Costs	46,423		34,398	
Monitoring & Evaluation	32,371		120,460	
		<u>530,650</u>		<u>520,687</u>
Governance				
Audit and Accountancy	5,400		5,400	
Legal Costs	1,410		6,690	
Protectors Fees	10,046		10,000	
Board Costs	45,307		18,472	
		<u>62,163</u>		<u>40,562</u>
Other Support Costs				
Core Staff Costs	221,237		201,191	
Recruitment Costs	9,131		3,380	
Investment Managers Costs	106,100		138,525	
Consultancy	6,517		11,520	
Premises Costs	15,954		21,981	
Operational Costs	41,690		89,479	
		<u>400,629</u>		<u>466,076</u>
		<u><u>3,168,961</u></u>		<u><u>9,208,510</u></u>
Split:				
Unrestricted funds		2,657,475		9,049,634
Restricted funds		405,386		20,351
Endowment Funds		106,100		138,525
		<u><u>3,168,961</u></u>		<u><u>9,208,510</u></u>

Spirit of 2012

Notes to the Financial Statements (Continued)

For the Year Ended 31 March 2018

5 Grants Payable

The following grants were payable during the year to projects under the 4 programme headings. These figures include adjustments at the end of projects as well as new grants awarded.

Active	2018 No.	2017 No.	2018 £	2017 £
<u>Sporting Equality Fund</u>				
* The Adventure Syndicate	1	-	20,100	-
* Bike For Good	1	-	24,608	-
* Fife Council	1	-	22,890	-
* Fighting Change Project	1	-	24,850	-
* North Ayrshire Leisure	1	-	24,715	-
* Netball Scotland	1	-	19,979	-
* PEEK	1	-	25,000	-
* The Ripple Project	1	-	14,954	-
* Scottish Sports Futures	1	-	24,687	-
* Scottish Women Warriors Basketball Club	1	-	23,939	-
* Scottish Youth Dance	1	-	24,980	-
* Street League	1	-	25,000	-
* Venture Trust	1	-	25,000	-
* Z1 Girls Group	1	-	22,337	-
	<u>14</u>	<u>-</u>	<u>323,039</u>	<u>-</u>
* Legacy 2014	-	-	-	2
Activity Alliance (formerly English Federation of Disability Sports)	-	1	-	4,490,000
Dance Syndrome	-	1	-	200,259
British Paralympic Association	-	1	-	304,406
StopGap	-	1	-	206,995
British Olympic Foundation	-	-	-	2
British Paralympic Association	-	-	-	(26,630)
	<u>14</u>	<u>4</u>	<u>323,039</u>	<u>5,175,034</u>
<u>Connected</u>				
Youth Sport Trust and Sporting Equals	1	-	1,789,151	-
England Athletics	-	2	-	965,565
UK Youth	1	-	10,000	-
National Youth Agency	1	-	7,815	-
UK Community Foundation	-	1	(76,892)	15,000
British Red Cross	-	-	(113,462)	1
Welsh Council for Voluntary Action	-	-	(9,037)	2
Rugby Football Union	-	-	(53,835)	-
Southbank Centre	-	1	-	41,249
Fawcett Society	-	1	-	151,000
Youth Sport Trust	-	-	-	(250)
	<u>3</u>	<u>5</u>	<u>1,553,740</u>	<u>1,172,567</u>
* Restricted Funds	<u>3</u>	<u>5</u>	<u>1,553,740</u>	<u>1,172,567</u>
Carried forward to next page	<u>17</u>	<u>9</u>	<u>1,876,779</u>	<u>6,347,601</u>

Spirit of 2012

Notes to the Financial Statements (Continued)

For the Year Ended 31 March 2018

5 Grants Payable (continued)

	2018 No.	2017 No.	2018 £	2017 £
Brought forward from previous page	17	9	1,876,779	6,347,601
Creative				
Mighty Creatives	1	1	36,860	963,140
Verbal Arts	1	1	99,840	49,917
Oasis Children's Venture	-	-	40	-
Shape London	-	1	-	474,995
Creative Arts East	-	1	-	231,110
Plymouth Music Zone	-	1	-	49,430
Voluntary Arts		-	-	1
	<u>2</u>	<u>5</u>	<u>136,740</u>	<u>1,768,593</u>
Incubation				
Sporting Memories Network	-	-	-	(9)
Change Foundation	-	1	-	15,000
Uprising - 1 Million Mentors	-	1	-	50,000
National Paralympic Museum	1	-	5,000	-
Oasis Children's Venture	1	-	6,000	-
Step Up to Serve	1	-	50,000	-
Festivals Edinburgh Limited	1	-	50,000	-
Stopgap Dance Company	1	-	1,000	-
Heritage Lottery Fund	1	-	50,000	-
	<u>6</u>	<u>2</u>	<u>162,000</u>	<u>64,991</u>
Totals	<u>25</u>	<u>16</u>	<u>2,175,519</u>	<u>8,181,185</u>
Split:				
Unrestricted funds			1,852,480	8,181,183
Restricted funds			323,039	2
			<u>2,175,519</u>	<u>8,181,185</u>

6 Grants Paid in the Year

Reconciliation of cash payments to grants payable during the year under the 4 programme headings

	Cash Paid 2018 £	Credit for grants accounted for in previous year £	Credit for closed/ underspent grants £	Accrued for grants awarded in the year £	Grants Payable 2018 £	Cash Paid 2017 £
Active	1,620,864	(1,467,539)	-	169,714	323,039	1,701,470
Connected	1,778,684	(1,549,216)	(253,226)	1,577,498	1,553,740	2,871,882
Creative	1,774,396	(1,754,187)	40	116,491	136,740	2,569,419
Incubation Fund	82,000	(25,000)	-	105,000	162,000	40,000
	5,255,944	(4,795,942)	(253,186)	1,968,703	2,175,519	7,182,771

Notes to the Financial Statements (Continued)

For the Year Ended 31 March 2018

7 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.

	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 £
Active	4,121,326	323,039	(1,620,864)	-	2,823,501
Connected	2,663,727	1,806,966	(1,778,684)	(253,226)	2,438,783
Creative	2,509,460	136,700	(1,774,396)	40	871,804
Incubation Fund	25,000	162,000	(82,000)	-	105,000
	9,319,513	2,428,705	(5,255,944)	(253,186)	6,239,088

	Grants Payable within one year £	Grants Payable over one year £	Grant commitments recognised at end of the year £
Active	1,812,785	1,010,716	2,823,501
Connected	1,094,049	1,344,734	2,438,783
Creative	643,798	228,006	871,804
Incubation Fund	105,000	-	105,000
	3,655,632	2,583,456	6,239,088

These commitments are included as creditors in notes 15 and 16.

Spirit of 2012

Notes to the Financial Statements (Continued)

For the Year Ended 31 March 2018

8 Staff Costs & Consultancy Costs

	2018 £	2017 £
Wages and salaries	422,404	421,065
Social security costs	40,884	43,204
Pension contributions	44,489	40,349
Total staff costs	507,777	504,618

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 apart from employer pension contributions, are as follows;

	2018 No.	2017 No.
£60,000 - £69,999	-	1
£70,000 - £79,999	1	-
£80,000 - £89,999	1	-
£90,000 - £99,999	-	1
	2	2

The total amount of pension benefits for these higher paid employees was £15,882 (2017: £16,089)

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, employer pension contributions and national insurance) for key management personnel was £228,776 (2017: £221,022).

No Director of the corporate trustee received any remuneration during the year. Ten Directors received £6,106 for the reimbursement of expenses incurred relating to the Trust (2017: Eight Directors receiving £7,339). Expenses incurred included for travel, subsistence and accommodation.

The average headcount number of employees analysed by function was:

	2018 No.	2017 No.
Project staff	4.5	4.5
Management and Administration	5.5	6.5
	10	11

Spirit of 2012

Notes to the Financial Statements (Continued)

For the Year Ended 31 March 2018

9 Net expenditure is stated after charging:

	2018 £	2017 £
Auditors' remuneration for audit services (incl. VAT)	5,400	5,400
Investment Management Fees	106,100	138,525
Travel, subsistence and hospitality costs	19,329	14,082
Directors' Indemnity Insurance	2,236	1,571
Fees and expenses of the Protector	10,046	10,000
Operating lease costs (office rentals)	50,979	49,768

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

10 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.

11 Tangible Fixed Assets

	Office Equipment £	Furniture and Fittings £	Total 2018 £
All used for direct charitable purposes			
Cost			
At 1st April 2017	28,436	18,513	46,949
Additions	3,132	-	3,132
Disposals	(6,431)	-	(6,431)
At 31st March 2018	25,137	18,513	43,650
Depreciation			
At 1st April 2017	16,242	11,822	28,064
Charges for the year	3,902	3,702	7,604
Eliminated on disposals	(6,431)	-	(6,431)
At 31st March 2018	13,713	15,524	29,237
Net book value			
At 31st March 2018	11,424	2,989	14,413
At 31st March 2017	12,194	6,691	18,885

Spirit of 2012

Notes to the Financial Statements (Continued)

For the Year Ended 31 March 2018

12 Investments

	2018		2017	
	Cost £	Market value £	Cost £	Market value £
Listed Investments				
Fixed Interest	5,380,722	5,398,415	7,176,424	7,340,704
Equities	5,014,142	5,780,034	4,812,287	5,855,685
Alternative investments	13,019,682	13,972,600	12,864,402	13,699,723
	<u>23,414,546</u>	<u>25,151,049</u>	<u>24,853,113</u>	<u>26,896,112</u>

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

	2018 £	2017 £
At 1 April 2017	26,896,112	33,592,768
Additions in the year	3,488,248	3,784,942
Disposals in the year	(5,485,130)	(13,322,548)
Realised net gains in the year	551,747	860,843
Unrealised net (losses)/gains in the year	(299,928)	1,980,107
Balance at 31 March 2018	<u>25,151,049</u>	<u>26,896,112</u>

Individual assets, and their market values at 31 March 2018, representing over 5% of the investment portfolio are as follows:

	£	£
BNP Linker Note on HSCEI, TAMSCI 03 Feb 2020	5,544,500	5,130,000
GS Linker - Call Note on SX5E RTY, 21 Nov 2019	4,107,829	4,505,232

13 Debtors

	2018 £	2017 £
Other Debtors	49,509	635
Prepayments	30,126	21,412
Accrued Income	502,194	1,022
	<u>581,829</u>	<u>23,069</u>

14 Investments: Short Term Deposits

	2018 Cost £	2017 Cost £
Cash on deposit	<u>1,791,026</u>	<u>5,884,292</u>

Spirit of 2012

Notes to the Financial Statements (Continued)

For the Year Ended 31 March 2018

15 Creditors - Amounts falling due within one year

	2018 £	2017 £
Trade creditors	16,120	16,643
Grants payable	3,655,632	5,274,872
Accruals	58,139	84,130
	<u>3,729,891</u>	<u>5,375,645</u>

16 Creditors - Amounts falling due after one year

	2018 £	2017 £
Grants payable	<u>2,583,456</u>	<u>4,044,641</u>

17 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 2017 £	Income £	Expenditure £	Transfers £	At 31 March 2018 £
Unrestricted Funds	2,368,972	540,068	(2,657,475)	2,657,475	2,909,040
Restricted Funds	562,017	1,020,100	(405,386)	-	1,176,731
Endowment Funds	21,071,471	251,819	(106,100)	(2,657,475)	18,559,715
Total Funds	<u>24,002,460</u>	<u>1,811,987</u>	<u>(3,168,961)</u>	<u>-</u>	<u>22,645,486</u>

18 Restricted Funds

	At 1 April 2017 £	Income £	Expenditure £	Transfers £	At 31 March 2018 £
Legacy 2014	212,017	-	(82,347)	-	129,670
Sporting Equality Fund	350,000	20,100	(323,039)	-	47,061
EmpowHER project	-	1,000,000	-	-	1,000,000
	<u>562,017</u>	<u>1,020,100</u>	<u>(405,386)</u>	<u>-</u>	<u>1,176,731</u>

Restricted Funds consist of funding received from the Scottish Government and the BIG Lottery Fund. Legacy 2014 and Sporting Equality Fund are funds to run projects across Scotland working with a wide variety of people providing a wide range of accessible physical activities and volunteering opportunities. EmpowHER is a project that is due to start in 2018-19. These funds were receivable in the year from BIG Lottery and will be matched by £1 million from Spirit.

Spirit of 2012

Notes to the Financial Statements (Continued)

For the Year Ended 31 March 2018

19 Endowment Funds

At 1 April 2017	Realised Gains £	Unrealised Losses £	Converted to Income £	Investment Manager's Fees £	At 31 March 2018 £
<u>21,071,471</u>	<u>551,747</u>	<u>(299,928)</u>	<u>(2,657,475)</u>	<u>(106,100)</u>	<u>18,559,715</u>

Endowment Funds consist of an expendable endowment which is described in the Accounting Policy on page 36.

20 Net assets by Fund

	Fixed Assets £	Net Current Assets / (Liabilities) £	Long term Creditors £	Net Assets £
2018				
Unrestricted Funds	14,413	5,478,083	(2,583,456)	2,909,040
Restricted Funds	-	1,176,731	-	1,176,731
Endowment Funds	25,151,049	(6,591,334)	-	18,559,715
Total Funds	<u>25,165,462</u>	<u>63,480</u>	<u>(2,583,456)</u>	<u>22,645,486</u>
2017				
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>

21 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.

This includes the British Paralympic Association (BPA) to whom grants have been awarded over past years and the last payment was made in March 2017. Susannah Rodgers MBE, a Director of the Trustee, is now employed by the BPA and would not be involved in the decision regarding future applications or awards to the organisation. There have been no further applications or awards since this relationship was established.

During the year, a grant of £25,000 was awarded to PEEK as part of the Sporting Equality Fund round. Michaela Collins, a Director of the Trustee, is also a Director of PEEK. A member of staff, Alex Johnston, is also a Trustee on the Board of PEEK. Neither Alex nor Michaela were involved in the funding decision that resulted in the award of the grant to PEEK. The first half of the grant has been paid during the year with the remaining £12,500 included in Creditors due within a year at the year end.

There were no other related party transactions that require disclosure.

Spirit of 2012

Notes to the Financial Statements (Continued)

For the Year Ended 31 March 2018

22 Corporate Trustee

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

23 Commitments Under Operating Leases

As at 31 March 2018 Spirit had annual commitments under non cancellable operating leases as follows

	Land and Buildings	
	2018	2017
	£	£
Expiry Date:		
Within one year	39,425	2,000
Between one and two years	-	83,964
	<u>39,425</u>	<u>85,964</u>

24 Post Balance Sheet Events

At the quarterly Board meeting on 18 April 2018 grants totalling £3.022 million were approved for distribution to a number of different organisations. Since that date grant offer letters have been sent out and approved resulting in these grants becoming commitments for Spirit. These include £1.8 million for the EmpowHER project which is a restricted fund in the financial statements which is being joint funded by Spirit and BIG Lottery.

The organisations and amounts involved are:

	£'000
UK Youth	1,800
Absolutely Cultured	600
Springboard Opportunities Limited	450
Beacon Films	99
Youth Cymru	73
	<u>3,022</u>

25 Legal form of Spirit of 2012

Spirit of 2012 is registered as a Charity in England and Wales with the Charity Commission (Registered number 1155110). Its address registered with the Charity Commission is Room S100, New Wing, Somerset House, Strand, London WC2R 1LA which is also its principal place of business.

Spirit of 2012

Report of the Protector

For the Year Ended 31 March 2018

Background

I took up my appointment as Protector of Spirit of 2012 ("Spirit") in January 2014 for an initial three-year term. This was subsequently 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 affect 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 making 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 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 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 10.

Administration of the Charity

I have attended meetings of the Board of the Trustee, the Finance and Investment Committee ("the FIC"), the Audit and Risk Committee ("the ARC"), and the Programme Impact Evaluation Committee. I have noted, and am supportive of, the steps taken by the new Chair to reallocate the work previously undertaken by the Recruitment and Remuneration Committee between the FIC and the ARC as well as to take direct personal responsibility for the development and evaluation of the Board which had previously been the remit of the Board Effectiveness Review Panel.

I continued to hold quarterly meetings with the Chief Executive and to correspond with the Chair and BLF representatives as circumstances warranted during the course of the year in order to keep matters under regular review. There were no matters of significant concern although there was one instance of potential reputational risk, not related directly to the operation of Spirit, which was promptly and effectively dealt with by the Board as soon as it came to light.

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

Spirit of 2012

Report of the Protector

For the Year Ended 31 March 2018

The Board of the Trustee

It was a year of transition for the Board with the planned retirement of three of the four remaining original directors, including the Chair, having successfully overseen, with others, the task of establishing Spirit on a firm and respected footing during its first four years. This enabled a re-assessment of the ongoing leadership requirements of the Board to be made resulting in the appointment of Alan Coppin as Chair in October 2017 following a comprehensive recruitment process which drew an encouragingly strong response.

The opportunity was also taken to further strengthen the balance and experience of the Board by recruiting individuals with complementary skills to those of existing Board members. It has been reassuring to see the way that the Board has gone about its task with an evident strong level of commitment and expert contribution. As now constituted, it seems well placed to meet the challenges that lie ahead over the next few years.

The Programmes

A summary of the progress of the grants programme under its revised funding strands and a full analysis of spending is set out in the Trustee's Report and Financial Statements. The level of spending commitment and the amount of income or match funding generated to date remains in line with agreed projections.

The Summit held in October 2017 provided a good mid-term opportunity to assess Spirit's progress and impact to date in achieving its key aims to improve wellbeing and perceptions of disability, leading in turn to greater social cohesion and understanding. The enthusiastic reaction of partners and participants, further evidenced by the positive findings of the three-year evaluation study of Spirit by InFocus evidences an impressive level of achievement in this first phase and its growing reputation as a source of learning and good practice within its field of operation.

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

Finance and Investment

The FIC has continued to keep investments and the performance of Spirit's investment managers, Barclays Wealth and Investment Management ("Barclays"), under close review. This followed the adoption by the Board of a revised investment policy in April 2017 including a restatement of the annualised return target and reporting arrangements to enable Barclays' performance to be more easily measured and, where appropriate, challenged. Overall performance has remained in line with the targets set by the Board.

A key exercise for the FIC, and the Board in turn, has been to plan the method and timing of the liquidation of the remaining investment portfolio in order to provide the necessary cash flow to meet grant commitments and associated expenditure through to the end of Spirit's scheduled ten-year term. This task has been completed satisfactorily following consideration of a number of scenarios in which the goal of optimising returns was balanced with Spirit's responsible approach to risk.

There have been notable improvements in the past year in the quarterly presentation of financial information to the Board and FIC which has enabled them to fulfil their financial oversight role more readily and effectively.

Spirit of 2012

Report of the Protector

For the Year Ended 31 March 2018

The Executive Team

The Executive Team, under the leadership of the Chief Executive Debbie Lye, has once again provided strong support to the Board, the Committees, and the Panels. Papers are routinely available well in advance of meetings. This means that discussions are fully informed and decisions are made on a considered basis. It has been encouraging to see the level of care that goes into the development and delivery of supported projects and the spirit of co-operation that exists between the Executive Team and the Board in this area.

The Executive Team also plays an important role in maintaining and monitoring a comprehensive Risk Register in consultation with, and under the scrutiny of, the ARC and the Board. Identified risks and issues are kept under regular review in order to minimise the impact of those risks through appropriate action. As noted in the Trustee's report, one of the highlighted risks was the potential impact of staff resignations. In practice, this has been turned into an opportunity to establish an even stronger and more cohesive team.

Summary

In summary, the last year has seen further significant progress as the dedicated efforts of the Board and the Executive Team over Spirit's first four-year cycle have borne fruit. It is encouraging to note the determination to build on achievements to date and to see a clear appetite and commitment to ensure that the benefit of Spirit's learning is widely shared and applied including whether, and how, its work might continue beyond the current ten-year term.

Jon Siddall

Protector, Spirit of 2012

11 July 2018