



# **Annual Report and Financial Statements**

**for the year ended 31 March 2019**

Registered Charity Number - 1155110

## Spirit of 2012

For the Year Ended 31 March 2019

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# Spirit of 2012

## Trustee's Report

For the Year Ended 31 March 2019

### CHARITY INFORMATION

<b>Trustee</b>	The sole Trustee is Spirit of 2012 Trustee Limited as Corporate Trustee
<b>Directors</b>	Sana Amin James Dacre Tim Elwell-Sutton Jane Lady Gibson Linda Grant Vikash Gupta Kieran Harding Raj Jethwa Graham Loader Susannah Rodgers MBE
<b>Secretary and Trust Administrator</b>	Debbie Lye
<b>Protector</b>	Jon Siddall
<b>Solicitors and Company Secretary to Spirit of 2012 Trustee Limited</b>	Bates Wells Braithwaite 10 Queen Street Place London EC4R 1BE
<b>Principal Office</b>	Room S100, New Wing Somerset House, Strand London WC2R 1LA
<b>Auditors</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL
<b>Bankers</b>	Metro Bank One Southampton Row London WC1B 5HA
<b>Investment Managers</b>	Barclays Wealth Management 1 Churchill Place London E14 5HP

## Spirit of 2012

### Trustee's Report

#### For the Year Ended 31 March 2019

The Trustee presents its annual report and Financial Statements of Spirit of 2012 for the year ended 31 March 2019. 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 National Lottery Community Fund (formerly the Big Lottery Fund) ("the Founder") on 20 December 2013 with the condition that the endowment and all gains arising from it must be expended by 7 October 2023. 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. At their 16 January 2019 meeting the Board of Directors of the Trustee agreed to sign a supplemental to the Trust Deed, drafted by the Founder, which extends the endowment term for up to a further five years, to October 2028.

The Board of Directors of the Trustee, chaired by 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 Founder novated to Spirit the management of five *Keeping the Spirit of 2012 Alive* projects, and on the same day transferred £4.57 million to Spirit as restricted funding for those projects. The Founder subsequently added £2.5 million to the Spirit endowment 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 Spirit's charitable objects and amend the definition of the Protector's role.

#### Governance

The Board of Directors of the Trustee sets the strategic direction for Spirit. Directors are fully responsible for governance and major grant awards (over £100,000). Under the terms of the Trust Deed, the Founder appointed Jon Siddall as Protector for a three-year term until December 2016 with a duty "to ensure the integrity of the administration of Spirit and the propriety of its procedures". The Protector does not participate in Spirit'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 Founder 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:

Alan Coppin – Chair	(resigned 14 September 2018)
Sana Amin	(appointed 16 January 2019)
Sir Harry Burns	(resigned 11 July 2018)
Michaela Collins	(resigned 1 November 2018)
James Dacre	(appointed 4 October 2018)
Tim Elwell-Sutton	(appointed 4 October 2018)
Jane Lady Gibson	
Linda Grant	
Efa Gruffudd Jones MBE	(resigned 18 April 2018)
Vikash Gupta	
Kieran Harding	
Raj Jethwa	(appointed 4 October 2018)
Graham Loader	
Swati Patel	(resigned 31 December 2018)
Susannah Rodgers MBE	

During the year, three committees of the Board oversaw governance, risk and financial management, investment strategy and the grant making and research strategies. Each committee includes at least two Directors of the Trustee. The committees, and their Chairs, were:

Audit & Risk Committee	– Graham Loader
Finance & Investment Committee	– Vikash Gupta
Programme Impact & Evaluation Committee	– Jane Lady Gibson

#### Director recruitment and training

Directors are appointed by the Board to provide the skills, sectoral, national and regional knowledge required by Spirit. As a matter of principle Spirit recruits Directors through open recruitment campaigns posted on its website and supported by agencies. During the period ProspectUs led the recruitment of three new Directors whose appointments the Board ratified on 4 October 2018. The appointment of a Spirit Youth Advisory Panel (YAP) member to replace Michaela Collins on the Board was done through a limited competitive process involving applications from, and interviews with, interested YAP candidates. Before making new appointments, and re-appointing serving Directors, Spirit checks the Charity Commission and Companies House registers of disqualified Directors. Spirit sets Google alerts to alert us to any reason that would disqualify our Directors from continuing to serve Spirit. New Directors follow an induction process and each receives 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 Spirit. Our legal advisor, Bates Wells Braithwaite, acts as Company Secretary with responsibility for filing the Trustee's Annual Confirmation Statement at Companies House.

Beyond the formal committees, Director Susie Rodgers chairs an informal Spirit of Achievement Panel including external experts, which focuses on increasing the inclusiveness and diversity of Spirit's beneficiaries. The Spirit of 2012 Youth Advisory Panel (YAP) also advises the Board, and Board and staff members act as mentors to the young people who sit on it. During the year, after a competition among

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the nine members of the YAP, Sana Amin replaced Michaela Collins as the Panel Chair and its representative on the Board.

On 9-10 April 2019 the third Spirit Board Residential brought Board and the senior management team together to engage in strategic planning and to consider the role and operations of Spirit of 2012 within the context of the new supplemental deed, which extended the endowment spend-out term by up to five years. They discussed their vision, mission, approach and outcomes priorities for Spirit of 2012 and explored the contribution they could make to Spirit's effectiveness going forward. All Directors said they felt that it was time well spent in enabling them to get to know each other better, work together and with the senior executive team collaboratively and reflect on the impact of Spirit of 2012's grants and strategic priorities to date.

At that meeting they agreed to continue for the time being without appointing a Chair. They will review this once they have formally agreed a strategic plan based on the Residential Discussions. They agreed to share duties and responsibilities amongst the Directors, so that Vikash Gupta leads on finance and investment, Graham Loader on risk, Linda Grant on communications and Jane Lady Gibson on programme impact and evaluation matters. Jane Lady Gibson also chairs Board Meetings and line manages the Chief Executive.

#### Board and Committee Meeting attendance of Directors

Board Member	Committee Membership	Board	F&I	A&R	PIE
Alan Coppin (resigned 14/09/2018)	Board Chair	1/2			
Sana Amin (appointed 16/01/2019)	Youth Advisory Panel Chair	1/1			
Sir Harry Burns (resigned 11/07/2018)	Programme Impact & Evaluation <sup>1</sup>	0/2			1/1
Michaela Collins (resigned 01/11/18)	Youth Advisory Panel Chair	1/3			
James Dacre (appointed 04/10/2018)	Finance & Investment	0/1	1/2		
Tim Elwell-Sutton (appointed 04/10/18)	Programme Impact & Evaluation	1/1			1/1
Jane Lady Gibson	Board Vice Chair, Programme Impact & Evaluation Chair	4 / 4			3/3

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

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Board Member	Committee Membership	Board	F&I	A&R	PIE
Linda Grant	Finance & Investment	4/4	4/4		
Efa Gruffudd-Jones (resigned 18/04/18)		1/1			
Vikash Gupta	Finance & Investment Chair	4/4	3/4		
Kieran Harding	Programme Impact & Evaluation	4/4			2/3
Raj Jethwa (appointed 04/10/18)	Audit & Risk	1/1		0/1	
Graham Loader	Audit & Risk <sup>2</sup> Chair, Finance & Investment	4/4	4/4	2/2	
Swati Patel (resigned 31/12/2018)	Audit & Risk	1/3		2/2	
Susannah Rodgers	Audit & Risk	4/4		1/2	

#### Conflicts of interest, related parties and other connected bodies

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

Spirit's remit involves 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 Eibhlish Fleming (Grant & Learning Managers), Priscilla Chau (Grants & Research Officer) and Jean Vas (Office & Board Administrator).

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

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#### For the Year Ended 31 March 2019

#### Business objectives

Spirit's 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.

The business objectives are:

- ✚ Effectively and efficiently manage Spirit to the governance standards required by the Board and the Founder.
- ✚ 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, 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 Spirit's reputation. The Board recognises that the nature and extent of Spirit'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 November 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 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.



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

- ✂ potential impact of staffing and governance changes
- ✂ maintaining a sufficiently high calibre, suitably qualified and diverse Board to govern Spirit in a year when the Chair and four other Board members resigned.

During 2018-19 two staff members resigned, one was on a fixed term contract. We recruited the permanent replacement through a rigorous written application and interview process and a thorough induction has ensured a smooth transition, so that business disruption during the August to December transition period was minimal. The second recruitment campaign at the end of the period for a new Communications Intern, was very successful, resulting in over 200 applications.

Board responded decisively to all of the Director resignations and in July 2018 agreed to appoint ProspectUs to identify suitable appointees to help fill essential skills areas. This led to the appointment in October 2018 of three new Directors: James Dacre, Tim Elwell-Sutton and Raj Jethwa, bringing expertise in arts administration and community engagement, public health, human resources policy and management and governance. In January 2019 Board appointed Sana Amin to represent the Spirit Youth Advisory Panel on the Board. Sana brings her experience of and commitment to local volunteering and youth leadership and her passion for community sport.

By the end of the period there were no significant programme risks, though during the year risks around larger projects did arise. Staff managed these through proactive and flexible engagement with grantees and, if necessary, by escalating them to senior review meetings between the Chief Executive and the senior responsible officers of the grantee organisations concerned. These focused and frank discussions resulted in performance improvement, and sometimes in revised project schedules. Any resulting grant underspends have returned to Spirit and are now available for further grant commitments.

The Senior Management Team maintains a separate register of issues, which they hold confidentially, as it contains sensitive information. There were no live issues at the end of the 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 risks they identify as major onto the organisational Risk Register. This is subject to monthly SMT reviews, 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, the impact of leaving the EU and changes in legislation – the register does include and list mitigations and contingencies for risks and issues arising from external influences and we also maintain a Business Continuity Plan.

### Safeguarding

Spirit maintains and regularly updates a Safeguarding Policy covering our duties and responsibilities for the safeguarding and protection of children and vulnerable adults within the projects we fund. As we have little direct conduct with our beneficiaries, the responsibility sits with 'front line' grantee organisations. As part of the due diligence checks we undertake before awarding a grant we ensure grantees have an up to date Safeguarding Policy and a named senior officer responsible for safeguarding. Susie Rodgers is the Spirit Board Safeguarding Champion, to whom the executive reports annually, as set out in the policy. In March 2019 the executive submitted the report to her. There were no significant issues during the period.

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#### Funding strategy

Spirit makes grants within the framework of a Funding Strategy agreed by the Board. This explains what Spirit 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.

Spirit 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. We also promote opportunities through our Twitter, Instagram and Facebook social media accounts. Spirit does not fund applications that fail to meet the specified assessment criteria, or unsolicited applications submitted outside the advertised opportunities.

#### Funding Principles

The full Funding Principles and the broader Funding Strategy are 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 grantee during the grant period, and expectations of grantee financial and activity reporting, monitoring and evaluation and communications. Spirit invites the grantee to a grant set-up meeting to explain these requirements and to address any issues or concerns.

Finally, the Spirit Chief Executive and a senior representative of the grantee both 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 investment of the National Lottery endowment awarded by the Founder is managed by Barclays Wealth, under the direction of the Finance & Investment Committee. This year has seen some volatility across the markets and after some big swings in the portfolio during the year, Spirit has seen an overall increase on the portfolio's like-for-like value. These market changes are monitored and discussed regularly between the Finance and Investment Committee and the Investment Managers.

In March 2019, the Finance & Investment Committee again continued to operate within Investment Policy that the Board endorsed in April 2018. This provides Barclays Wealth with an investment strategy framework. The 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 the Director of Policy & Impact and the Head of Finance & Investment jointly produce. Barclays Wealth again presented four investment strategy scenarios and suggested median lifetime returns for each one. Having considered these, the Committee advised Board to draw down cash flow requirements from fixed income, bonds and equities on an ad hoc

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#### For the Year Ended 31 March 2019

basis in response to fluctuating market conditions, while being alert to opportunities to sell the remaining two structured notes (due for redemption in October 2019 and February 2020) at an optimum rate. Monthly calls between the Finance & Investment Committee Chair, the Head of Finance & Investment and Barclays Wealth support this pragmatic and vigilant approach.

During the period, the grant commitment strategy remained as agreed by Board on 28 September 2016, when Directors allocated funding across specified 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. The Chief Executive or the Head of Finance and Investment must sign off all contracts. Any individual contract valued at more than £10,000 additionally requires the approval of a Director. The Audit & Risk Committee reviews the list of all current contracts annually.

#### Performance management

At the beginning of each financial year, staff and their line managers agree individual objectives that align with the strategic and business objectives set out in the Operational Corporate Plan (OCP). Staff also agree with their managers up to three training and development objectives to support their professional development. Together these two sets of objectives form the personal development plan (PDP). All staff review the OCP and their own PDPs quarterly. Mid way through and at the end of each year, staff and line managers together assess each individual's performance against individual and development objectives through the lens of Spirit's core competencies: Building and Maintaining Effective Working Relationships, Communication, Delivering Results, Innovation, Planning and Organising and Living the Vision and Values.

The PDP 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 supports staff to achieve longer-term career ambitions, as well as enhancing their job satisfaction as Spirit employees.

There is no remuneration element to the Spirit 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, allocate all jobs to one of those bands, using market comparators, and publish a specific figure from within the appropriate band when advertising jobs. Successful candidates agree their actual starting salary with us before they receive a formal written job offer letter and take up their post. Spirit produces and publishes internally a salary-setting policy to maximise remuneration transparency.

## OBJECTIVES AND VALUES

### Purpose

Spirit of 2012 is a funding charity, established by the Founder 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

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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.

### Values statement

Board and staff discussed the importance of Spirit 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."

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#### Youth Advisory Panel (YAP)

In addition to grant-making activities, Spirit supports the charitable object relating to the development of young people through the 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 YAP Chair becomes a Director of Spirit. In 2018 we recruited our third YAP cohort and new members are engaging in a range of activities. These include project design, project assessment, participation in learning events, and making and reporting on project visits on behalf of Spirit. During the period Michaela Collins, the second YAP Chair, stepped down and, after a competition within the YAP, was replaced by Sana Amin who joined the Board in October 2018.

### ACHIEVEMENTS AND PERFORMANCE

#### 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.

#### Programme Strategy

The strategy is designed to fulfil the Founder's intention that Spirit 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 inspired by national and/or local cultural, heritage and sporting events.

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 that Spirit expects grants to bring disabled and non-disabled people together on an equal basis to participate in activities, and in the design, development and leadership of projects.

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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 themes and projects selected by the Spirit 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 has committed a total of £33.37 million to grants over its lifetime and has spent £27.27 million of that. Grantees have returned £1.04 million of the latter figure to us as grants underspent. Over the year Spirit committed a total of £5.31 million in grants.

#### Programme income & match funding

In 2013, the Board of Directors agreed with the Founder 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 £14.4 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. Included in these figures is an additional £1 million grant which we received during the year from the Scottish Government to fund the Changing Lives through Sport and Physical Activity portfolio (CLTSPA).

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 that are still live have already attracted funds above the levels they initially projected as income, so this figure is likely to increase by the time these projects close. In March 2019 the Department for Digital, Culture, Media and Sport (DCMS) announced that Spirit had been successful in securing £1.5m in Tampon Tax funding for the Carers' Music Fund, the grant will be set up and run in the next financial year and so the amount has not been added to this total.

#### Programme Operations

Spirit awarded **34** new grants in 2018-19, as follows:

##### *Changing Lives through Sport and Physical Activity (CLTSPA)*

Spirit manages the £1m Scottish Government Fund on behalf of the Changing Lives partnership including the Scottish Government, sportScotland and the Robertson Trust. 17 grants were awarded from the fund that deliver a variety of social outcomes through engaging people in sport and physical activity. Spirit is making an in-kind contribution to partnership through the management fee. Grantees are Achieve More Scotland, Active Communities Scotland, Active Stirling, Big Hearts Community Trust, Forth Valley College Foundation, Greenock Morton Community trust, Inch Park Community Sports Hub, Lord's Taverners, Netball Scotland, North Ayrshire Leisure, Paths for All Partnership, Scottish Association for Mental Health, Scottish Sports Futures, Sport Aberdeen, Sporting Memories Network, Street Soccer Scotland Ltd and Youth Scotland.

##### *Hull Volunteers – Absolutely Cultured (Connected)*

Extended Impact grant to sustain and increase the reach of the highly successful Hull 2017 volunteer programme. The project is recruiting new volunteers, with a focus on engaging harder to reach communities, and extending the range of volunteering opportunities on offer beyond culture and the arts. This project is match funded by NESTA.

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##### *14-NOW* – Springboard Communities (Connected)

Extended Impact grant to sustain the locally-driven grassroots participation project *Fourteen* NI project in the existing communities of Creggan and Monkstown and introduce it to the new rural community in Limavady.

##### *EmpowHER* – UK Youth (Connected)

Through *EmpowHER*, UK Youth takes the inspiration of the centenary of women's suffrage to engage young women and girls in Bristol/Gloucester, the Midlands and the North West in meaningful social action to gain leadership and campaigning skills and address issues in their community and the wider world. UK Youth delivers the project through their network of youth clubs in partnership with the British Red Cross who provide volunteering opportunities. Spirit's grant is match funded by £1 million from the DCMS/National Lottery Community Fund #iwill Fund.

##### *Coventry 2021 City of Culture Development Grant* – Coventry City of Culture Trust (Creative)

This is a development grant to spark community-based arts engagement in Coventry in the lead up to the UK City of Culture year in 2021. Spirit's grant is funding four Community Associate Producer posts based in local organisations specialising in homelessness, refugees, violence against women and girls and serious youth violence and exploitation to develop their users' engagement with and ensure their voices are heard in the City of Culture events. We are also supporting the City of Culture Trust to recruit and train community evaluators to give a local perspective to and ownership of impact monitoring and evaluation.

##### *#GOGA2 Development Grant* – Activity Alliance (Active)

Development grant for the Activity Alliance to scope and plan a potential extension to *Get Out Get Active* which is proving to be successful in increasing levels of physical activity and wellbeing among currently inactive groups.

##### *Creative Minds* – Youth Cymru (Creative)

This project was the 2018 Youth Advisory Panel Challenge Fund grant award winner. In *Creative Minds* Youth Cymru delivers music interventions for young people in Wales to better understand experiences of mental health and address stigma of mental health using creative art and music.

##### *One Million Mentors* – Uprising Leadership (Connected)

This is an extended impact grant to scale up the reach and impact of the *One Million Mentors* initiative, recruiting, training and developing mentors in Greater Manchester, Birmingham and the West Midlands, Cardiff and East London. It builds on the success of a 2016 Spirit Incubation grant. *One Million Mentors* is match funded by NESTA.

##### *Viewfinder Plus* – Beacon Films (Creative)

An extended impact grant to deepen the impact and extend the reach of the *Viewfinder* project to more beneficiaries. This second phase involves more advanced work with young filmmakers with learning disabilities, supporting them to develop their skills more independently, and increase their connections with the community.

##### *City to Sea* – Laureus Sport for Good Foundation (Active)

*City to Sea* takes young people from Southwark, referred through the CAMHS system, to Brighton to experience the Wave Project's tested highly regarded surf therapy. Laureus manages the grant and provides core support and capacity to the Wave Project, including in monitoring and evaluation.

## Spirit of 2012

### Trustee's Report

#### For the Year Ended 31 March 2019

##### *Flyerz Hockey* – Access Sport (Active)

*Flyerz* scales up Access Sport's disability hockey initiative to clubs across England. In doing so it challenges perceptions of accessibility of the sport for disabled people, their families and wider audiences and supports inclusive environments within the clubs where disabled and non-disabled players and volunteers share practice sessions and facilities.

##### *My Pockets Music* – My Pockets (Creative)

*My Pockets Music* provides opportunities for young people in Hull and Grimsby, referred through CAHMS and other local providers, to work with musicians to write, compose, play and record music, drawing on their own experiences.

##### *Discover the Song* - Canolfan Gerdd (Creative)

*Discover the Song* is a partnership between music provider Canolfan Gerdd and Gwynedd County Council Social Services to engage people in music making in coastal Welsh towns. The identified participants are often isolated physically and by mental ill health or learning disabilities.

##### *Creative Directions* - DARTS (Doncaster Arts) (Creative)

*Creative Directions* works with people with low levels of wellbeing in the ex-coal mining communities across Doncaster through enabling them to participate in enjoying and making folk music.

##### *Singing for Health* - More Music (Incubation)

This Incubation Grant is for More Music to work in partnership with local health providers to explore the potential of social prescribing music interventions for adolescents and older people experiencing isolation and mental health problems in Morecambe.

##### *Manchester Women's Sport Project* – FODIP (Incubation)

Spirit awarded a small grant award to the winners of the 2018 BEDSA *Connecting Communities through Sport* Award to support their multi-faith women's football programme in Manchester.

##### *Sporting Equality Fund* (Active)

Spirit awarded additional grants to two successful projects operating in this fund. These are *Sirens for Success* and *Active Girls*. These additional grants were agreed with the Scottish Government who funded this group of projects and were funded by underspends in other projects in the Fund.

12 projects continued to deliver throughout 2018-19:

##### *Team Spirit* - England Athletics (Connected) (formerly *Team Personal Best Volunteering*)

*Team Spirit* aimed 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. A mutual decision was made during the year that this project would close in Summer 2019 which is earlier than planned.

##### *WOW Spirit* – Southbank Centre (Connected)

Throughout 2018 the Southbank centre staged five *WOW! Spirit* festivals in Perth, Exeter, Norwich, Cardiff and Bradford. 2018, the centenary of the first Women's suffrage, was the culmination of a three-year project that staged nine festivals in total.



## Spirit of 2012

### Trustee's Report

#### For the Year Ended 31 March 2019

##### *Breaking Boundaries* – Youth Sport Trust (Connected)

This is a grant to the Youth Sport Trust in partnership with Sporting Equals alongside local authorities, county cricket foundations and other local partners in Barking & Dagenham, Bradford, Birmingham, Manchester and Slough. The intention is to bring together young people from diverse backgrounds, using cricket as a hook, to increase community cohesion.

##### *Get Out Get Active* – Activity Alliance (Active)

This grant of £4.5million to Activity Alliance (formerly the English Federation for Disability Sport) is for a four-year UK wide initiative to support inclusive approaches to engaging the least active in physical activity. It operates in eighteen localities across the UK.

##### *Everybody Dance* - Dance Syndrome (Active)

An award-winning project which is managed across 5 Lancashire locations by user-led Dance Syndrome. It features regular, inclusive dance sessions and showcases events delivered by disabled and non-disabled dance leaders working together.

##### *Sirens for Success* - Netball Scotland (Active)

Netball Scotland works with girls in schools to motivate them to fulfil their potential in sport and other areas of their lives by introducing them to netball. *Sirens* was originally funded under the Sporting Equality Fund (see closed projects).

##### *Project Seafarers* - Stopgap Dance (Active)

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.

##### *Our Day Out* - Creative Arts East (Creative)

This is one of the three Challenge Fund projects awarded in July 2016. Creative Arts East is extending 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. They are also developing training resources for arts organisations to work effectively and sensitively with these participants. The project has seen significant increases in participant wellbeing.

##### *Emerge* - The Mighty Creatives (Creative)

In April 2018, 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, South Holland, Cannock, Dudley, Sandwell, Walsall, Tamworth and Wolverhampton.

##### *Unlimited Impact* – Shape and Artsadmin (Creative)

A Shape Arts/Artsadmin partnership project to develop the careers of, and audiences for, young disabled artists. In March 2019, Unlimited announced the final six new Spirit funded *Unlimited Impact* awards to artists with projects in music, theatre, poetry, combined arts and dance.

##### *Reading Rooms – Beyond the Walls* – Verbal Arts (Creative)

This multi-agency project, managed by Verbal Arts in Derry/Londonderry, 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 training them to run the literacy

## Spirit of 2012

### Trustee's Report

#### For the Year Ended 31 March 2019

workshops. The initial project was funded by a grant awarded by Spirit's Youth Advisory Panel. In 2017 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 contribute to reduced reoffending amongst participants.

#### 28 projects closed in 2018-19:

- 13 Sporting Equality Fund projects to support women and girls to be more active
- 7 Changemaker grants, funded through a contract with the Fawcett Society
- 3 Incubation Fund grants – *Festival City Volunteers*, *National Paralympic Museum* and *#iwill data and research*
- 2 projects to provide disabled people with creative opportunities: *Viewfinder* and *Circus Aurora*
- *Do it for Real*, funded in partnership with Comic Relief
- A large-scale community programme delivered through Springboard (*Fourteen: Northern Ireland*) and UKCF (*Fourteen: England, Scotland & Wales*)

## Spirit of 2012

### Trustee's Report

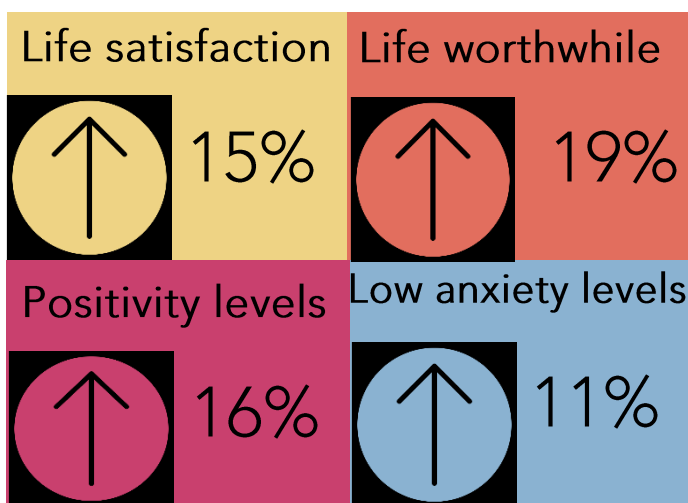
For the Year Ended 31 March 2019

#### IMPACT AND OUTCOMES REPORTING

In making the endowment, the Founder 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. Spirit, therefore, places significant emphasis on monitoring and evaluation, treating data collection as an integral and formative part of the development of any funded project.

#### Increasing wellbeing

Our 2018-19 data suggests that our grantees are continuing to improve the wellbeing of their participants – and that the difference they are making has increased since our external evaluation in 2017.



13 Sporting Equality Fund projects and 6 other projects submitted endline data this year using the ONS4 subjective wellbeing measure.

On average, these projects saw substantial increases in the proportion of participants with high wellbeing.

Whilst we are not able to attribute these results solely to their participation in the project, the upward trend is striking and consistent with our Theory of Change.

#### How were the figures calculated?

These percentages were calculated from baseline and endline data submitted by each of the projects. Almost 5,000 completed baseline and endline surveys, although the majority of these came from two projects. We looked at the wellbeing change across the four domains for each of the projects, and then averaged these out by dividing by the total number of projects. This does mean that a project which reached hundreds of people was given the same weighting in the calculation as one that was reaching a small group. We take the view that this is preferable to “losing” the impact from small projects. This is the same methodology used by InFocus, who produced our external evaluation in 2017. We have treated the Sporting Equality Fund projects as a single entity.

#### Reaching participants with low wellbeing

In 2018-19 we have been increasingly focused on supporting our project leads to reach individuals with below average wellbeing, as our data suggests that these are the individuals who benefit most from the work that we do.

## Spirit of 2012

### Trustee's Report

#### For the Year Ended 31 March 2019

Average life satisfaction levels of beneficiaries on entering their projects:

7.7	7.1	6.0 / 7.1	5.6	5.6
UK average 2018	Cultural Shift, Stockton ARC	EmpowHER 14-20s / under 14s UK Youth	Next Steps, Venture Trust	Festival City Volunteers, Festivals Edinburgh

Not all projects have reached a cohort with lower-than average wellbeing.

Firstly, we know that people who volunteer are more likely to have high wellbeing, and that it is often that happy people are more predisposed to volunteering, as well as because volunteering can have a positive effect. We have seen this in several of our own volunteer-focus projects. *Festival City Volunteers* and *EmpowHER* both demonstrate that purposeful recruitment can encourage “unusual suspects” to sign up.

A more challenging issue has been that people with learning disabilities in our projects tend to report above average wellbeing levels. At the moment we are unable to separate out whether this is because the measurement tools we have are not appropriate for the group, or because our participants with learning disabilities are actually happier than average.

Finally, it may not always be appropriate for a project to recruit a cohort where the overall happiness levels are below average. Many of our projects seek to bring people together from across whole communities rather than targeting specific groups. We want to explore what happens for the low-wellbeing groups *within* projects that are open to all as well as just looking at shifts in the average.

Our qualitative evidence appears to show a strong relationship between social connectedness and increased wellbeing. Participants regularly refer to the close friends that they have made as a result of the project. Writing about his experience developing The Mighty Creative's *Emerge* festival in Mansfield, the young artist explained: “*The success of a festival can be measured in many ways, but I measure the success of mine by this. David now has a friend, and while that may seem small to most people, to him it has fundamentally changed his quality of life.*”

# Spirit of 2012

## Trustee's Report

For the Year Ended 31 March 2019

### Perceptions of & attitudes towards disability

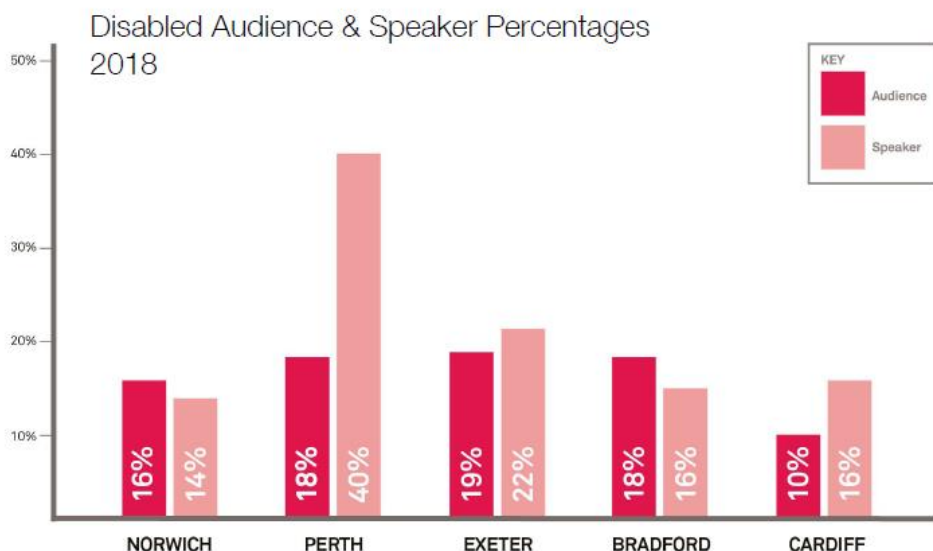


One of the major ways in which our grantees are improving perceptions and attitudes towards disability is through providing opportunities for disabled people to participate and lead high quality creative work.

*Viewfinder* (Beacon Films) finished in November 2018. The project supported 47 young people with learning disabilities to develop their filmmaking skills, working on both personal projects and professional commissions. Through this project participants provided 1,562 hours of 'professional-grade' volunteering time to produce 11 films that were seen by a minimum of 15,543 people. 94 per-cent of audiences 'strongly agreed' with the statement that 'films made by Beacon Films increase awareness in communities of the potential of disabled people'. We awarded extended impact funding to Beacon Films for *Viewfinder Plus*.

All of our grantees sign up to giving disabled and non-disabled people the chance to participate as equals, and that can have a profound impact on who they reach through their projects. At the five Women of the World (WOW) festivals delivered by the Southbank Centre as part of WOW Spirit, 16.2% of the audience identified as disabled. This compares to a Southbank average of 6%.

The festivals did even better on ensuring disabled people had a platform as speakers and artists at the festival – particularly in Perth, were 40% of the speakers identified as disabled.



## Spirit of 2012

### Trustee's Report

#### For the Year Ended 31 March 2019

We have emerging evidence that simply asking all projects to ensure that disabled people can participate as equals raises the profile of inclusive provision. UKCF, which distributed grants to twelve communities as part of the *Fourteen* programme, explained that for community volunteers, having to consider this issue as part of their reporting "made them realise how un-inclusive" some of their activities were, and that this had been an "an excellent unexpected outcome of the programme.....The communities have commissioned disability research projects, they've held perceptions of disabilities training, they've assessed the accessibility of local projects and they have funded projects that have the potential to make a long-term difference."

We know that our data in this area still has gaps. Many grantees have told us that their demographic data is likely to underreport the number of disabled people who are participating and volunteering in their projects. Understanding attitude change is fraught with difficulties – and we are constantly mindful that even posing questions on this topic can be uncomfortable and othering. We are keen to support more high quality, qualitative explorations that tackle this issue.

#### Improved social connectedness

Our work to improve social connectedness has had three main focuses in 2018-19.

Firstly, we have continued to support a large number of projects that increase people's community engagement through formal and informal volunteering.

A substantial subset of these projects is focused on youth social action, and our largest grant award this year was at part of the #iwill campaign. We have been an active member of the #iwill funder's network, collaborating across the sector to look at how we can better support and evidence high quality youth social action. Through the #iwill match-funded *EmpowHER* grant to UK Youth, and also through smaller investments in projects like Youth Cymru's *Creative Minds*, we are building compelling evidence for the relationship between social action and wellbeing.

Volunteering programmes for both adults and young people have collected evidence showing how they can lead to increased engagement in their community, and increased proportion of people feeling like their views are heard. These upward trends are all the more important when the national environment suggests people feel that they are not being listened to.

On *Emerge*, for example, saw a 14% increase (n = 120) in the number of young people who felt their views were heard by their community. In *Fourteen* Northern Ireland, there was a huge 41% increase (n = 3132) in the number of people who felt engaged with their local community.

Our second priority has been to bring people together to connect across difference. Our primary vehicle for this has been our grant Youth Sport Trust for *Breaking Boundaries*, which seeks to improve social cohesion by bringing together people from different ethnic backgrounds. This project does not yet have impact data. However, throughout the project we have been closely working with Ted Cattle at the Institute of Community Cohesion to ensure that the evidence we collect can generate wider learning for similar projects across the UK.

Finally, we have deepened our focus on reaching people who are isolated within their community in 2018-19. Our Music Challenge Fund awardees are capturing data on the loneliness levels of their participants. It is too early to report on the impact of these projects. We were also successful at the end of the financial year in a bid to the DCMS Tampon Tax for a project for women and girls who are isolated by unpaid caring responsibilities. This funding and the award of grants to projects from it will start in 2019-20.

## Spirit of 2012

### Trustee's Report

#### For the Year Ended 31 March 2019

#### COMMUNICATIONS

The year 2018–19 saw considerable growth in traffic to our website which was relaunched at the start of the year with a new design, structure and content. Website traffic rose from 49,971 page views in 2017 to 72,866 page views in 2018 (NB: These figures are by calendar year). We also relaunched our e-newsletter which now has a higher-than-average open and click rate and our subscriber numbers are growing.

Working with one of our grantees, Beacon Films, we created a suite of short films featuring each of our projects in action. Participants and grantees told the story of their programmes in their own words, highlighting what a difference Spirit's funding has made to them. The films were 'revealed' as part of a 'Christmas Presence' campaign, during which a new film went live on an 'advent calendar' page on our website every day from 1st to 24th December. Our YouTube channel subsequently received hundreds of hits in the final month of 2018.

In October, we opened our *Spirited* exhibition in Manchester which marked the centenary of women's suffrage. The exhibition was designed to engage young people, leaving a legacy of social activism in those who visited. *Spirited* was scheduled to run from 18 October – 2 November, but visitor numbers were so high that the venue rearranged its exhibition schedule to allow it to run for an extra three weeks. In total, there were 1,985 visitors. The exhibition was covered in national and regional print, broadcast and online news media – including BBC TV, The Guardian, BBC Radio Manchester and The Telegraph. There were also articles in lifestyle magazines and websites.

In November 2018, Ruth Hollis chaired a panel at the prestigious Association of Charitable Foundations (ACF) conference in London. Ruth ran a session focused on our *Breaking Boundaries* programme, and the potential of sport to bring together diverse communities and improve cohesion. As with previous years, we also sponsored the British Ethnic Diversity Sports Awards (BEDSAs) in March 2019, and awarded our own Connecting Communities award. This year it was won by the Unity Gym Project in Sheffield.

Our social media followers have risen steadily throughout 2018–2019:

- At April 2018 we had 8,400 Twitter followers – we now have 9,000.
- At April 2018 we had 405 Instagram followers – we now have 840.
- At April 2018 we had 431 Facebook followers – we now have 675.

## Spirit of 2012

### Trustee's Report

For the Year Ended 31 March 2019

#### FINANCIAL REVIEW

##### Income generation

During the year, Spirit received grants of £1 million from the Scottish Government for the Changing Lives through Sport and Physical Activity (CLTSPA) Fund. This is being run in partnership with them and the Robertson Trust. Total income is shown in the Statement of Financial Activities at £1,431,408 including investment income.

##### Grant expenditure

Grants committed in the year almost doubled year on year to £5,307,320 across the three Spirit themes Active, Connected and Creative and the Incubation Fund. This is mainly due to £1 million on the new Changing Lives Fund, £1.6 million of Extended Impact funding and £0.6 million on our Creative Challenge Fund.

##### Other costs

Other direct charitable expenditure costs relating to the Spirit Programmes amounted to £667,378 in the year including Monitoring and Evaluation contract costs which increased after a hiatus in 2018 following our first main Summative Evaluation in 2017. The costs of our Spirited exhibition in October 2018 also make up part of these costs. Most other cost areas remained in line year on year. Total expenditure is shown in the Statement of Financial Activities at £6,430,872.

##### Fixed assets

During the year, Spirit purchased fixed assets with a cost of £5,909 and the net book value at 31 March 2019 was £8,384.

##### Director remuneration

During the year, nine of the Directors claimed expenses. The total amount of expenses reimbursed to Directors was £4,176. These expenses were for travel, subsistence and accommodation and were paid within the levels set out in Spirit's Expenses Policy.

##### Executive remuneration

Executive pay and levels of remuneration, including expenses, were set and reviewed by the Finance and Investment Committee. This is done on an annual basis.

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 Founder 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).

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 3.2% increase for all staff, in line with the Retail Prices Index. The



## Spirit of 2012

### Trustee's Report

#### For the Year Ended 31 March 2019

average pay increase over the life of Spirit remains below the 3% budgeted for in the lifetime cashflow projection prepared for the Trust in 2013.

#### Remuneration and benefits received by key management personnel

The Recruitment & Remuneration Committee agreed at inception of Spirit 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 £45,693 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 £nil (2018: £46) over the year, so the total remuneration and benefits paid to the Protector was £10,000 in the year.

#### 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 Founder 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 under the terms of their deed.

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 2018, there were total reserves of £22,645,486 and at 31 March 2019 reserves had reduced to £17,930,186. These consist of £243,141 (2018: £1,176,731) restricted reserves as detailed in note 18 of the financial statements. The remaining reserves of £17,687,045 (2018: £21,468,755) is for use by Spirit to further its objects and will be allocated to projects and funds on award of grants by Board.

## Spirit of 2012

### Trustee's Report

#### For the Year Ended 31 March 2019

#### PLANS FOR THE FUTURE

Spirit is now half way through its original ten-year term as a spend-out trust and is about to enter a new phase. The Founder has granted Spirit a Supplemental Deed to extend its life a further five years to 2028. This gives Spirit an additional opportunity to spend the endowment and attached gains over a maximum of fifteen years and share the learning from their funding.

With this in mind the Board of Directors met in April 2019 for a two-day residential to discuss what Spirit has achieved over the last five years and look forward to what it should aim to achieve in the future.

There were some excellent workshops over the two days with strong engagement from all Board members as well as the Executive team who were also in attendance. The information gained from these intensive two days have been digested and summarised to be discussed and approved at the quarterly Board meetings. The Board will formalise their strategy of this next phase of Spirit's life by October when they meet for their quarterly Board meeting that month and are also reviewing the knock on effects across all of Spirit's operations including its Investment Policy.

Just before the year end the DCMS awarded Spirit £1.5 million in the latest round of Tampon Tax Funding to deliver a Carers' Music Fund. They formalised the offer in April 2019 and Spirit launched a funding round in June 2019 for applicants to the Fund. We look forward to working with DCMS on this fund over the next 2 years to deliver some Creative projects around the UK for women with caring responsibilities.

In the first half of the financial year the executive is reviewing successful projects for potential Extended Impact funding. This is an area that the Board is keen on as there is a desire to build on what Spirit does well and continue to drive strong impact in areas that we know have worked, either through Extending their impact of current projects or using the Learning from these projects to apply elsewhere.

In June 2019 Spirit issued an invitation to tender for a three-year external evaluation contract, valued at up to £150,000 plus VAT. The purpose of the contract is to carry out a summative evaluation of the impact of Spirit grant-making between April 2014 and April 2021, supplementing the earlier three-year summative evaluation report published by InFocus in October 2017. The contract brief encourages the successful company to allocate a proportion of the budget to follow interesting lines of enquiry emerging from the data they collect.

Another change at Spirit is that in July 2019 Debbie Lye will step down from her role as Chief Executive of Spirit. Debbie has been with Spirit since the beginning and has steered them into a strong position that is well thought of across the sector. After a recruitment process that attracted a wide range of strong candidates the Board approved the appointment of Ruth Hollis as Debbie's successor. Ruth has worked closely with Debbie since the start of Spirit as the Director of Policy and Impact and is looking forward to working with the staff and Board to move Spirit into this next phase of its life.

So overall, it is exciting times at Spirit with many changes whilst developing and building on the good work that Spirit has been carrying out across the UK over the past five years.

## Spirit of 2012

### Trustee's Report

#### For the Year Ended 31 March 2019

#### 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

Buzzacott will act as our auditors from this financial year having been appointed in 2019 for a three-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:

Jane Lady Gibson

Vice Chair

10 July 2019

## Spirit of 2012

### Statement on the System of Internal Controls

#### For the Year Ended 31 March 2019

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 Spirit'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.

Jane Lady Gibson

Vice Chair

10 July 2019

Debbie Lye

Chief Executive

10 July 2019

## Spirit of 2012

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

#### For the Year Ended 31 March 2019

#### Opinion

We have audited the accounts of Spirit of 2012 (the 'Charity') for the year ended 31 March 2019 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 income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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 2019

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 2019

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.

**For and on behalf of Buzzacott LLP**

**Chartered Accountants**

**Statutory Auditor**

130 Wood Street

London

EC2V 6DL

Date: July 2019

Buzzacott LLP 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 2019

		Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2019 £	Total Funds 2018 £
	Notes					
<b>INCOME</b>						
<b>Charitable Activities</b>						
Grants	2	-	1,000,000	-	1,000,000	1,020,100
Investment Income	3	430,866	542	-	431,408	540,068
<b>Total Income</b>		<b>430,866</b>	<b>1,000,542</b>	<b>-</b>	<b>1,431,408</b>	<b>1,560,168</b>
<b>EXPENDITURE</b>						
<b>Raising Funds</b>						
Investment Management Costs		-	-	126,404	126,404	106,100
<b>Charitable Activities</b>						
Active		553,988	1,121,779	-	1,675,767	454,799
Connected		1,688,641	1,812,353	-	3,500,994	2,187,473
Creative		1,121,970	-	-	1,121,970	192,513
Incubation		5,737	-	-	5,737	228,076
<b>Total Expenditure</b>	<b>4-9</b>	<b>3,370,336</b>	<b>2,934,132</b>	<b>126,404</b>	<b>6,430,872</b>	<b>3,168,961</b>
Net Gains on Investments		-	-	284,164	284,164	251,819
<b>Net Income/(Expenditure)</b>		<b>(2,939,470)</b>	<b>(1,933,590)</b>	<b>157,760</b>	<b>(4,715,300)</b>	<b>(1,356,974)</b>
<b>Transfers Between Funds</b>	<b>17</b>	<b>2,370,336</b>	<b>1,000,000</b>	<b>(3,370,336)</b>	<b>-</b>	<b>-</b>
<b>Net Movement in Funds</b>		<b>(569,134)</b>	<b>(933,590)</b>	<b>(3,212,576)</b>	<b>(4,715,300)</b>	<b>(1,356,974)</b>
<b>Total Funds Brought Forward at 1 April 2018</b>	<b>17</b>	<b>2,909,040</b>	<b>1,176,731</b>	<b>18,559,715</b>	<b>22,645,486</b>	<b>24,002,460</b>
<b>Total Funds Carried Forward at 31 March 2019</b>	<b>17</b>	<b>2,339,906</b>	<b>243,141</b>	<b>15,347,139</b>	<b>17,930,186</b>	<b>22,645,486</b>

All income and expenditure is derived from continuing activities



Spirit of 2012

Balance Sheet

As at 31 March 2019

		2019		2018	
		£	£	£	£
	<b>Notes</b>				
<b>Fixed assets</b>					
Tangible assets	11	8,384		14,413	
Investments	12	21,129,274		25,151,049	
			21,137,658		25,165,462
<b>Current assets</b>					
Debtors	13	83,132		581,829	
Investments: Short term deposits	14	731,032		675,746	
Cash at bank and in hand		2,839,427		2,535,796	
		3,653,591		3,793,371	
<b>Creditors : Amounts falling due within one year</b>	15	4,554,387		3,729,891	
<b>Net current (liabilities)/assets</b>			(900,796)		63,480
<b>Total assets less current liabilities</b>			20,236,862		25,228,942
<b>Creditors : Amounts falling due after more than one year</b>	16		(2,306,676)		(2,583,456)
<b>Net assets</b>			17,930,186		22,645,486
<b>Represented by</b>					
Endowment Funds	19		15,347,139		18,559,715
Restricted Income Funds	18		243,141		1,176,731
Unrestricted Funds	17		2,339,906		2,909,040
<b>Total Charity funds</b>	20		17,930,186		22,645,486

The notes on pages 33 to 49 form part of these accounts

Approved by the Corporate Trustee, Spirit of 2012 Trustee Limited, on 10 July 2019

And signed on its behalf by

-----  
 Jane Lady Gibson  
 Vice Chair  
 Director of Spirit of 2012 Trustee Limited

## Spirit of 2012

### Statement of Cash Flows

For the Year Ended 31 March 2019

	2019 £	2018 £
<b>Cash flows from operating activities</b>		
Net cash used in operating activities	(4,372,521)	(5,806,956)
<b>Cash flows from investing activities</b>		
Interest from investments	431,408	540,068
Purchase of fixed assets and equipment	(5,909)	(3,132)
Proceeds from sale of investments	9,772,704	5,485,130
Purchase of investments	(5,466,765)	(3,488,248)
Net cash provided by investing activities	<u>4,731,438</u>	<u>2,533,818</u>
<b>Cash flows from financing activities</b>		
Net (increase)/decrease in funds on deposit	(55,286)	4,945,495
<b>Net movement in cash and cash equivalents in the year</b>	<u>303,631</u>	<u>1,672,357</u>
<b>Cash and cash equivalents at 1 April 2018</b>	<u>2,535,796</u>	<u>863,439</u>
<b>Cash and cash equivalents at 31 March 2019</b>	<u><u>2,839,427</u></u>	<u><u>2,535,796</u></u>
<b>Reconciliation of net expenditure to net cash flow used in operating activities</b>		
	2019 £	2018 £
Net expenditure for the year (as per the Statement of Financial Activities)	(4,715,300)	(1,356,974)
<b>Adjustments for:</b>		
Depreciation	11,938	7,604
Gains on investments	(284,164)	(251,819)
Interest from investments	(431,408)	(540,068)
Decrease/(Increase) in debtors	498,697	(558,760)
Increase/(Decrease) in creditors	547,716	(3,106,939)
<b>Net cash used in operating activities</b>	<u><u>(4,372,521)</u></u>	<u><u>(5,806,956)</u></u>
<b>Analysis of Cash and Cash Equivalents</b>		
	2019 £	2018 £
Bank Current Accounts	2,839,427	2,535,796
	<u><u>2,839,427</u></u>	<u><u>2,535,796</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 income is 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.

### Expenditure

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 and investments which are akin to cash.

### 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 Grant Income

During the year the following funds were receivable:

	2019 £	2018 £
<b>Restricted Funds</b>		
Scottish Government - Sporting Equality Fund	-	20,100
BIG Lottery - #iWill campaign	-	1,000,000
Scottish Government - CLTSPA Fund	1,000,000	-
	<u>1,000,000</u>	<u>1,020,100</u>

The grant receivable in the year from the Scottish Government for the CLTSPA (Changing Lives through Sport and Physical Activity) Fund was partly spent in the year. A total of 17 grants have been awarded and will be fully spent within the next financial year.

## 3 Investment Income

	2019 £	2018 £
<b>Unrestricted Funds</b>		
Income from listed investments	409,602	523,630
Bank interest receivable	21,264	16,438
	<u>430,866</u>	<u>540,068</u>
<b>Restricted Funds</b>	£	£
Bank interest receivable	542	-
	<u>542</u>	<u>-</u>
Income from listed investments can be analysed as follows;		
Fixed Interest	158,319	217,309
Equities	163,448	167,457
Alternative investments	87,835	138,864
	<u>409,602</u>	<u>523,630</u>

## 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.

	2019		2018	
	£	£	£	£
Grants awarded (see note 6)		5,307,320		2,175,519
Other Direct Charitable Expenditure				
Programme Development - Staff Costs	332,909		309,807	
Programme Development - Other	156,071		142,049	
Communications and Large Event Costs	97,500		46,423	
Monitoring & Evaluation	80,898		32,371	
		<u>667,378</u>		<u>530,650</u>
Direct Charitable Expenditure		<u>5,974,698</u>		<u>2,706,169</u>
Support Costs				
Governance costs	47,568		62,163	
Core Staff Costs	212,506		221,237	
Recruitment Costs	1,305		9,131	
Consultancy	1,790		6,517	
Premises Costs	18,722		15,954	
Operational Costs	47,879		41,690	
		<u>329,770</u>		<u>356,692</u>
Total Expenditure on Charitable Activities		<u>6,304,468</u>		<u>3,062,861</u>
Expenditure on Raising Funds				
Investment Managers Costs	126,404		106,100	
		<u>126,404</u>		<u>106,100</u>
		<u>6,430,872</u>		<u>3,168,961</u>
Split:				
Unrestricted funds		3,370,336		2,657,475
Restricted funds		2,934,132		405,386
Endowment Funds		126,404		106,100
		<u>6,430,872</u>		<u>3,168,961</u>

## 5 Analysis of costs split by Charitable Activity

## Unrestricted Funds

2019	Active	Connected	Creative	Incubation	Total
	£	£	£	£	£
Grants awarded	406,520	1,137,862	944,512	4,831	2,493,725
Other Direct Charitable Expenditure	59,813	367,651	118,771	606	546,841
Support Costs	87,655	183,128	58,687	300	329,770
	<b>553,988</b>	<b>1,688,641</b>	<b>1,121,970</b>	<b>5,737</b>	<b>3,370,336</b>

2018	Active	Connected	Creative	Incubation	Total
	£	£	£	£	£
Grants awarded	-	1,553,740	136,740	162,000	1,852,480
Other Direct Charitable Expenditure	-	378,990	33,337	39,521	451,848
Support Costs	49,413	254,743	22,436	26,555	353,147
	<b>49,413</b>	<b>2,187,473</b>	<b>192,513</b>	<b>228,076</b>	<b>2,657,475</b>

## Restricted Funds

2019	Active	Connected	Creative	Incubation	Total
	£	£	£	£	£
Grants awarded	1,004,199	1,809,396	-	-	2,813,595
Other Direct Charitable Expenditure	117,580	2,957	-	-	120,537
Support Costs	-	-	-	-	-
	<b>1,121,779</b>	<b>1,812,353</b>	<b>-</b>	<b>-</b>	<b>2,934,132</b>

2018	Active	Connected	Creative	Incubation	Total
	£	£	£	£	£
Grants awarded	323,039	-	-	-	323,039
Other Direct Charitable Expenditure	78,802	-	-	-	78,802
Support Costs	3,545	-	-	-	3,545
	<b>405,386</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>405,386</b>

Grants awarded are split across the portfolio dependent on the main theme of the particular project.

All other costs are allocated as a proportion of the total grants awarded to that theme.

For restricted funds only direct costs are charged as agreed with these specific projects.



## Spirit of 2012

### Notes to the Financial Statements (Continued)

For the Year Ended 31 March 2019

#### 6 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	2019	2018	2019		2018	
	No.	No.	£	£	£	£
<u>Sporting Equality Fund</u>						
* The Adventure Syndicate	-	1	-		20,100	
* Bike For Good	-	1	-		24,608	
* Fife Council	-	1	(1,849)		22,890	
* Fighting Change Project	-	1	(12,425)		24,850	
* North Ayrshire Leisure	1	1	2,500		24,715	
* Netball Scotland	1	1	20,000		19,979	
* PEEK	-	1	-		25,000	
* The Ripple Project	-	1	-		14,954	
* Scottish Sports Futures	-	1	-		24,687	
* Scottish Women Warriors Basketball Club	-	1	(11,969)		23,939	
* Scottish Youth Dance	-	1	(281)		24,980	
* Street League	-	1	-		25,000	
* Venture Trust	-	1	-		25,000	
* Z1 Girls Group	-	1	(2,338)		22,337	
	<u>2</u>	<u>14</u>	<u>(6,362)</u>		<u>323,039</u>	
<u>Changing Lives through Sport and Physical Activity Fund</u>						
* Achieve More Scotland	1	-	64,160		-	
* Active Communities Scotland	1	-	69,985		-	
* Active Stirling	1	-	42,151		-	
* Big Hearts Community Trust	1	-	69,782		-	
* Forth Valley College Foundation	1	-	57,000		-	
* Greenock Morton Community Trust	1	-	66,218		-	
* Inch Park Community Sports Hub	1	-	54,003		-	
* Lord's Taverners	1	-	50,000		-	
* Netball Scotland	1	-	61,205		-	
* North Ayrshire Leisure Ltd	1	-	69,260		-	
* Paths for All Partnership	1	-	50,000		-	
* Scottish Association for Mental Health	1	-	69,787		-	
* Scottish Sports Futures	1	-	51,600		-	
* Sport Aberdeen	1	-	47,772		-	
* Sporting Memories Network	1	-	69,872		-	
* Street Soccer Scotland Ltd	1	-	53,761		-	
* Youth Scotland	1	-	69,960		-	
	<u>17</u>	<u>-</u>	<u>1,016,516</u>		<u>-</u>	
<b>Carried forward to next page</b>	<u>19</u>	<u>14</u>	<u>1,010,154</u>		<u>323,039</u>	

Spirit of 2012

Notes to the Financial Statements (Continued)

For the Year Ended 31 March 2019

6 Grants Payable (continued)

	2019	2018	2019		2018	
	No.	No.	£	£	£	£
<b>Brought forward from previous page</b>	19	14	1,010,154	-	323,039	-
<b>Active (continued)</b>						
* Legacy 2014	-	-	(5,955)	-	-	-
Activity Alliance	1	-	10,000	-	-	-
Laureus Sport for Good Foundation	1	-	199,920	-	-	-
Access Sport	1	-	196,600	-	-	-
	<u>22</u>	<u>14</u>		1,410,719		323,039
<b>Connected</b>						
* UK Youth	1	1	1,809,396	-	10,000	-
Equals	-	1	-	-	1,789,151	-
National Youth Agency	-	1	-	-	7,815	-
UpRising Leadership	1	-	500,000	-	-	-
Absolutely Cultured	1	-	600,000	-	-	-
Springboard Communities	1	-	450,000	-	-	-
England Athletics	-	-	(379,343)	-	-	-
Comic Relief	-	-	(22,249)	-	-	-
UK Community Foundation	-	-	(9,857)	-	(76,892)	-
Southbank Centre	-	-	(689)	-	-	-
British Red Cross	-	-	-	-	(113,462)	-
Welsh Council for Voluntary Action	-	-	-	-	(9,037)	-
Rugby Football Union	-	-	-	-	(53,835)	-
	<u>4</u>	<u>3</u>		2,947,258		1,553,740
<b>Creative</b>						
Coventry City of Culture	1	-	200,000	-	-	-
Youth Cymru	1	-	72,896	-	-	-
My Pockets Music	1	-	149,525	-	-	-
Canolfan Gerdd	1	-	198,189	-	-	-
More Music	1	-	39,950	-	-	-
DARTS	1	-	184,952	-	-	-
Beacon Films	1	-	99,000	-	-	-
Mighty Creatives	-	1	-	-	36,860	-
Verbal Arts	-	1	-	-	99,840	-
Oasis Children's Venture	-	-	-	-	40	-
	<u>7</u>	<u>2</u>		944,512		136,740
<b>Carried forward to next page</b>	<u>33</u>	<u>19</u>		<u>5,302,489</u>		<u>2,013,519</u>

\* - Restricted Funds

Spirit of 2012

Notes to the Financial Statements (Continued)

For the Year Ended 31 March 2019

6 Grants Payable (continued)

	2019 No.	2018 No.	2019 £	2018 £
<b>Brought forward from previous page</b>	33	19	5,302,489	2,013,519
<b>Incubation</b>				
FODIP	1	-	5,000	-
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	(169)	50,000
	<u>1</u>	<u>6</u>	<u>4,831</u>	<u>162,000</u>
<b>Totals</b>	<u><u>34</u></u>	<u><u>25</u></u>	<u><u>5,307,320</u></u>	<u><u>2,175,519</u></u>
Split:				
Unrestricted funds			2,493,725	1,842,480
Restricted funds (*)			2,813,595	333,039
			<u><u>5,307,320</u></u>	<u><u>2,175,519</u></u>

## Notes to the Financial Statements (Continued)

For the Year Ended 31 March 2019

## 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.

2019	Grant commitments at 1 Apr 2018	New grant commitments	Grants paid	Grants closed / underspent	Grant commitments at 31 Mar 2019
	£	£	£	£	£
Active	2,823,501	1,445,536	(1,986,780)	(34,817)	2,247,440
Connected	2,438,783	3,359,396	(1,777,426)	(392,768)	3,627,985
Creative	871,804	944,512	(908,232)	-	908,084
Incubation Fund	105,000	5,000	(109,831)	(169)	-
	<b>6,239,088</b>	<b>5,754,444</b>	<b>(4,782,269)</b>	<b>(427,754)</b>	<b>6,783,509</b>

2019	Grants Payable within one year	Grants Payable over one year	Grant commitments at 31 Mar 2019
	£	£	£
Active	1,829,134	418,306	2,247,440
Connected	2,079,604	1,548,381	3,627,985
Creative	568,095	339,989	908,084
Incubation Fund	-	-	-
	<b>4,476,833</b>	<b>2,306,676</b>	<b>6,783,509</b>

2018	Grant commitments at 1 Apr 2017	New grant commitments	Grants paid	Grants closed / underspent	Grant commitments at 31 Mar 2018
	£	£	£	£	£
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
	<b>9,319,513</b>	<b>2,428,705</b>	<b>(5,255,944)</b>	<b>(253,186)</b>	<b>6,239,088</b>

2018	Grants Payable within one year	Grants Payable over one year	Grant commitments at 31 Mar 2018
	£	£	£
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
	<b>3,655,632</b>	<b>2,583,456</b>	<b>6,239,088</b>

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

8 Staff Costs & Consultancy Costs

	2019 £	2018 £
Wages and salaries	457,600	422,404
Social security costs	42,122	40,884
Pension contributions	45,693	44,489
<b>Total staff costs</b>	<u>545,415</u>	<u>507,777</u>

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

	2019 No.	2018 No.
£70,000 - £79,999	2	1
£80,000 - £89,999	-	1
	<u>2</u>	<u>2</u>

The total amount of pension benefits for these higher paid employees was £16,040 (2018: £15,882)

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 £230,897 (2018: £228,776).

No Director of the corporate trustee received any remuneration during the year. Nine Directors received £4,176 for the reimbursement of expenses incurred relating to the Trust (2018: Ten Directors receiving £7,339). Expenses incurred included for travel, subsistence and accommodation.

The average headcount number of employees analysed by function was:

	2019 No.	2018 No.
Project staff	5.5	4.5
Management and Administration	5.0	5.5
	<u>10.5</u>	<u>10.0</u>

## Notes to the Financial Statements (Continued)

For the Year Ended 31 March 2019

## 9 Net expenditure is stated after charging:

	2019	2018
	£	£
Auditors' remuneration for audit services (incl. VAT)	7,320	5,400
Investment Management Fees	126,404	106,100
Travel, subsistence and hospitality costs	17,614	19,329
Directors' Indemnity Insurance	1,449	1,504
Fees and expenses of the Protector	10,000	10,046
Operating lease costs (office rentals)	57,900	50,979

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 2019 £
All used for direct charitable purposes			
<b>Cost</b>			
At 1 April 2018	25,137	18,513	43,650
Additions	5,909	-	5,909
Disposals	(1,800)	-	(1,800)
	<u>29,246</u>	<u>18,513</u>	<u>47,759</u>
At 31 March 2019	<u>29,246</u>	<u>18,513</u>	<u>47,759</u>
<b>Depreciation</b>			
At 1 April 2018	13,713	15,524	29,237
Charges for the year	9,310	2,628	11,938
Eliminated on disposals	(1,800)	-	(1,800)
	<u>21,223</u>	<u>18,152</u>	<u>39,375</u>
At 31 March 2019	<u>21,223</u>	<u>18,152</u>	<u>39,375</u>
<b>Net book value</b>			
At 31 March 2019	<u>8,023</u>	<u>361</u>	<u>8,384</u>
At 31 March 2018	<u>11,424</u>	<u>2,989</u>	<u>14,413</u>

12 Investments

	2019		2018	
	Cost £	Market value £	Cost £	Market value £
<b>Listed Investments</b>				
Fixed Interest	4,551,595	4,584,877	5,380,722	5,398,415
Equities	3,455,719	3,979,957	5,014,142	5,780,034
Alternative investments	11,544,788	12,564,440	13,019,682	13,972,600
	<u>19,552,102</u>	<u>21,129,274</u>	<u>23,414,546</u>	<u>25,151,049</u>

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

	2019 £	2018 £
At 1 April 2018	25,151,049	26,896,112
Additions in the year	5,466,765	3,488,248
Disposals in the year	(9,772,704)	(5,485,130)
Realised net gains in the year	457,028	551,747
Unrealised net losses in the year	(172,864)	(299,928)
Balance at 31 March 2019	<u>21,129,274</u>	<u>25,151,049</u>

Individual assets, and their market values at 31 March 2019, representing over 5% of the investment portfolio are as follows:

	£	£
BNP Linker Note on HSCEI, TAMSCI 03 Feb 2020	5,377,500	5,544,500
GS Linker - Call Note on SX5E RTY, 21 Nov 2019	4,585,112	4,107,829

13 Debtors

	2019 £	2018 £
Other Debtors	41,995	49,509
Prepayments	33,818	30,126
Accrued Income	7,319	502,194
	<u>83,132</u>	<u>581,829</u>

14 Investments: Short Term Deposits

	2019 Cost £	2018 Cost £
Cash equivalent investments	<u>731,032</u>	<u>675,746</u>

Notes to the Financial Statements (Continued)

For the Year Ended 31 March 2019

15 Creditors - Amounts falling due within one year

	2019 £	2018 £
Trade creditors	15,381	16,120
Grants payable	4,476,833	3,655,632
Accruals	62,173	58,139
	<u>4,554,387</u>	<u>3,729,891</u>

16 Creditors - Amounts falling due after one year

	2019 £	2018 £
Grants payable	<u>2,306,676</u>	<u>2,583,456</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 2018 £	Income £	Expenditure £	Transfers £	At 31 March 2019 £
Endowment Funds	18,559,715	284,164	(126,404)	(3,370,336)	15,347,139
Restricted Funds	1,176,731	1,000,542	(2,934,132)	1,000,000	243,141
Unrestricted Funds	2,909,040	430,866	(3,370,336)	2,370,336	2,339,906
<b>Total Funds</b>	<u>22,645,486</u>	<u>1,715,572</u>	<u>(6,430,872)</u>	<u>-</u>	<u>17,930,186</u>
<b>Prior year comparative</b>	<b>At 1 April 2017 £</b>	<b>Income £</b>	<b>Expenditure £</b>	<b>Transfers £</b>	<b>At 31 March 2018 £</b>
Endowment Funds	21,071,471	251,819	(106,100)	(2,657,475)	18,559,715
Restricted Funds	562,017	1,020,100	(405,386)	-	1,176,731
Unrestricted Funds	2,368,972	540,068	(2,657,475)	2,657,475	2,909,040
<b>Total Funds</b>	<u>24,002,460</u>	<u>1,811,987</u>	<u>(3,168,961)</u>	<u>-</u>	<u>22,645,486</u>



## Spirit of 2012

### Notes to the Financial Statements (Continued)

For the Year Ended 31 March 2019

#### 18 Restricted Funds

	At 1 April 2018	Income	Expenditure	Transfers	At 31 March 2019
	£	£	£	£	£
Legacy 2014 Fund	129,670	-	(82,689)	(46,981)	-
Sporting Equality Fund	47,061	-	(22,574)	(24,487)	-
EmpowHER project	1,000,000	542	(1,812,353)	1,000,000	188,189
Changing Lives Fund	-	1,000,000	(1,016,516)	71,468	54,952
	<b>1,176,731</b>	<b>1,000,542</b>	<b>(2,934,132)</b>	<b>1,000,000</b>	<b>243,141</b>

Restricted Funds consist of funding received from the Scottish Government and the National Lottery Community Fund (formerly the BIG Lottery Fund). Legacy 2014 and Sporting Equality Fund were funds to run projects across Scotland working with a wide variety of people providing a wide range of accessible physical activities and volunteering opportunities. These two fund programmes finished in the year and the remainder of the funds transferred to the Changing Lives Fund mentioned below, in agreement with the Scottish Government.

EmpowHER is a project that started in 2018-19 with the award of a grant to UK Youth. The project was launched to mark the centenary of women's suffrage and aims to develop and skill up young women and girls to use their voices for positive change. Spirit invested £1 million in this fund to match the £1 million contribution from the National Lottery Community Fund as part of their #iWill campaign.

During the year Spirit also received £1 million from the Scottish Government to run the Changing Lives Fund (Changing Lives through Sport and Physical Activity (CLTSPA)). The 17 grants in this fund were all awarded during the year. It is a joint partnership between the Scottish Government, the Robertson Trust and Spirit of 2012 and is part of a wider £1.8 million programme that provides additional resource into the sporting and community sectors to support participants to become and stay active.

Prior year comparative	At 1 April 2017	Income	Expenditure	Transfers	At 31 March 2018
	£	£	£	£	£
Legacy 2014 Fund	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
	<b>562,017</b>	<b>1,020,100</b>	<b>(405,386)</b>	<b>-</b>	<b>1,176,731</b>

## Notes to the Financial Statements (Continued)

For the Year Ended 31 March 2019

## 19 Endowment Funds

At 1 April 2018	Realised Gains £	Unrealised Losses £	Converted to Income £	Investment Manager's Fees £	At 31 March 2019 £
<u>18,559,715</u>	<u>457,028</u>	<u>(172,864)</u>	<u>(3,370,336)</u>	<u>(126,404)</u>	<u>15,347,139</u>

Endowment Funds consist of an expendable endowment which is described in the Accounting Policy on page 35.

Prior year comparative	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>

## 20 Net assets by Fund

	Fixed Assets £	Net Current Assets / (Liabilities) £	Long term Creditors £	Net Assets £
<b>2019</b>				
Endowment Funds	21,129,274	(5,782,135)	-	15,347,139
Restricted Funds	-	1,013,874	(770,733)	243,141
Unrestricted Funds	8,384	3,867,465	(1,535,943)	2,339,906
<b>Total Funds</b>	<u>21,137,658</u>	<u>(900,796)</u>	<u>(2,306,676)</u>	<u>17,930,186</u>
<b>2018</b>				
Endowment Funds	25,151,049	(6,591,334)	-	18,559,715
Restricted Funds	-	1,176,731	-	1,176,731
Unrestricted Funds	14,413	5,478,083	(2,583,456)	2,909,040
<b>Total Funds</b>	<u>25,165,462</u>	<u>63,480</u>	<u>(2,583,456)</u>	<u>22,645,486</u>

## Spirit of 2012

### Notes to the Financial Statements (Continued)

For the Year Ended 31 March 2019

#### 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 UKCF to whom grants have been awarded over past years and the last payment was made in March 2018. Jane Lady Gibson, a Director of the Trustee, was appointed Chair of the Board of UKCF in October 2018 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.

Helen Killingley, a member of Spirit staff, became a trustee Board member of Access Sport in September 2018. Spirit awarded Access Sport a grant of £196,600 for the *Flyerz Hockey* project in May 2018 so before Helen was appointed to the Board. The grant is managed by another member of the team so no conflict can arise.

There were no other related party transactions that require disclosure.

#### 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 2019 Spirit had annual commitments under non cancellable operating leases as follows

	Land and Buildings	
	2019	2018
	£	£
Expiry Date:		
Within one year	70,362	39,425
Between one and two years	70,362	-
Between two and five years	52,772	-
	<u>140,724</u>	<u>39,425</u>

#### 24 Post Balance Sheet Events

Spirit of 2012 has been awarded £1.5 million from the DCMS through the Tampon Tax Fund for its Carers Music Fund. The DCMS funds will be receivable in installments over the life of the fund up to March 2021 and there will also be a contribution from Spirit of £400,000 making a total fund of £1.9 million. The fund will be used for music projects whose participants are young women and girls with caring responsibilities and will cover care costs for those that the carers look after to enable them to attend the sessions.

#### 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 2019

#### **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 effect such improvement. The sole Trustee of the charity is Spirit of 2012 Trustee Limited ("the Trustee"), a private company limited by guarantee established for that purpose.

#### **Function of the Protector**

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

Although the Protector is not involved in decision taking within the charity, the Trust Deed stipulates that his consent is required in certain specified situations. The Protector is also required to report on any matters of serious concern to the Big Lottery Fund, now The National Lottery Community Fund ("TNLCF"), 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 TNLCF 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 all but one of the meetings of the Board of the Trustee and the Finance and Investment Committee ("the FIC"), both meetings of the Audit and Risk Committee ("the ARC"), and I have continued to follow the progress of the Programme Impact Evaluation Committee.

I corresponded with the Chair and the Chief Executive as well as with TNLCF representatives during the course of the year as part of my responsibility to keep matters under regular review. There were no matters of significant concern to raise with TNLCF. The ARC, and the Board in turn, continued to scrutinise closely the Risk Register maintained by the Executive Team.

I am therefore 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 2019

##### **The Board of the Trustee**

There were further changes in the Board with the resignation of five directors of the Trustee, including the Chair, Alan Coppin, due to pressure of other commitments. Although rightly identified as a risk, in practice this provided another opportunity to review and re-assess the requirements of the Board and, following a successful recruitment process, resulted in the appointment of four new Board members with a breadth of skills and experience to complement those of existing Board members. The decision was taken not to carry out an external recruitment process for a new Chair pending the completion of the current strategic review which will help to inform Spirit's leadership requirements going forward. It was agreed that Jane Lady Gibson would chair Board meetings and line manage the Chief Executive in the interim.

##### **The Programmes**

A summary of the progress of the grants programme 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 continues to be broadly in line with agreed projections.

Spirit's reputation as an example of effective grant making and as a source of learning within its field of operation continued to grow as evidenced for example by the decision of the Department for Digital, Culture Media & Sport in March 2019 to allocate £1.5million of Tampon Tax funding for the Carers' Music Fund to be managed by Spirit.

The important contributions of the Youth Advisory Panel and the Spirit of Achievement Panel were again important factors in realising Spirit's commitment to advancing opportunities for young people and promoting inclusiveness and the diversity of its beneficiaries.

##### **Finance and Investment**

The FIC has continued to monitor closely the performance of Spirit's investment managers Barclays Wealth and Investment Management ("Barclays") in managing the investment portfolio. Overall performance has remained broadly in line with the targets set by the Board.

The revised investment policy adopted in April 2017, including a restatement of the annualised return target and reporting arrangements, has been further enhanced by improved presentation of financial information on a quarterly basis. This has enabled the Board and the ARC to both fulfil their financial oversight role effectively and measure Barclays' performance against the market. Monthly calls between the FIC Chair, the Head of Finance and Investment and Barclays have served to keep Spirit's investments and drawdown requirements under close review during a period of testing market conditions.

##### **The Executive Team**

The Executive team, under the leadership of the chief executive Debbie Lye, continues to provide expert support to the Board, the Committees, and the Panels. The timely circulation of papers and their clear and concise content has enabled fully informed discussion and a robust decision-making process. Project review and support by the Executive and Board has been maintained at a consistently high level. As referred to above, the Executive 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.

## **Spirit of 2012**

### **Report of the Protector**

#### **For the Year Ended 31 March 2019**

##### **Looking Ahead**

The decision by the Board in January 2019 to approve a five-year extension of the endowment term by agreement with TNLCF has paved the way for the Board to determine how Spirit's impact may best be secured beyond its initial ten year life. A comprehensive strategic review is in progress and is expected to be completed this summer following positive discussions at the recent Board Residential in April 2019. This presents both a challenge and an opportunity for the Board which I am confident it will respond to effectively.

**Jon Siddall**

Protector, Spirit of 2012

10 July 2019