

Registered Charity Number - 1155110

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**Trustee** The sole Trustee is Spirit of 2012 Trustee Limited as Corporate Trustee.

**Directors** The Directors of Spirit of 2012 Trustee Limited are:  
Dugald Mackie – Chair  
Sir Harry Burns  
Paul Cuttill OBE  
John Gartside OBE  
Jane Lady Gibson  
Linda Grant  
Efa Gruffudd Jones MBE  
Carl Konadu  
Jan Paterson MBE  
Susannah Rodgers  
David Watters

**Secretary and Trust Administrator** Debbie Lye

**Protector** Jon Siddall

**Company Secretary to Spirit of 2012 Trustee Limited** Bates, Wells & Braithwaite

**Registered office** Room S100, New Wing  
Somerset House, Strand  
London WC2R 1LA

**Head Office** Room S100, New Wing  
Somerset House, Strand

REPORT AND FINANCIAL STATEMENTS

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London WC2R 1LA

**Auditors**

HW Fisher & Company  
Acre House  
11-15 William Road  
London NW1 3ER

**Bankers**

Barclays Bank PLC  
Level 28, 1 Churchill Place  
Canary Wharf  
London E14 5HP

**Investment Managers**

Barclays Wealth Management  
Level 15, 1 Churchill Place  
London E14 5HP

**Solicitors**

Bates, Wells & Braithwaite  
2-6 Cannon Street  
London EC4M 6YH

## SPIRIT OF 2012

### TRUSTEE'S REPORT

#### FOR THE PERIOD ENDED 31 MARCH 2015

The Trustee presents its report and the audited financial statements for the period 1 April 2014 to 31 March 2015.

The information with respect to the Trustee, Directors of the Trustee, Officers and Advisors set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, applicable Accounting Standards in the United Kingdom, the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005, the Accounting Direction issued by the funding bodies and the Charities Act 2011.

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.

### ORIGINS AND HISTORY

Spirit of 2012 (known as Spirit), is a charitable trust registered on 20 December 2013. It was granted a £40 million endowment from the Big Lottery Fund on 20 December 2013. Spirit of 2012 Trustee Limited ("the Trustee"), is the sole Trustee of Spirit of 2012 and is a company limited by guarantee, that was incorporated on 4 April 2013.

Following the success of the London 2012 Olympic and Paralympic Games, the Big Lottery Fund expressed an intention to 'keep alive' the spirit and momentum of the Games by founding and endowing a charitable trust, to support initiatives that encourage the celebration of future events through participation in sport, arts and volunteering and challenge limiting perceptions of disability throughout the UK. The charity was founded for the purpose of building on the energy, commitment and volunteering spirit which became such an overwhelmingly positive and prominent feature of the Olympic and Paralympic Games in London during the summer of 2012, generating an abundance of good will and enthusiasm across the UK.

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

- The advancement of education of children and young people including, but not limited to, sporting and cultural activities by encouraging good citizenship;
- Increasing the effectiveness and efficiency of the Voluntary Sector by encouraging members of the public to engage in activities to help others on a voluntary basis;
- The development of the capacity and skills of members of socially and economically or socially disadvantaged communities in such a way that they are better able to identify and help meet their own needs and to participate more fully in society; 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.

The Board of Directors of the Trustee, under the chair of Dugald Mackie was appointed in April 2013 and there followed a year of business planning to establish the Trust, during which time a grant committee made up of the Big Lottery Fund and Spirit of 2012 Directors awarded £5.5m worth of grants through an £8m *Keeping the Spirit Alive* Big Lottery Fund grants programme. On 16 April 2014 a Memorandum of Understanding between the Trustee and the Big Lottery Fund novated the management of the *Keeping the Spirit of 2012 Alive* programmes to Spirit and on the same day transferred £4.57 million to Spirit as restricted funding for those projects. The Big Lottery Fund

## **SPIRIT OF 2012**

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subsequently added £2.5 million to the endowment to Spirit to support development of a Theory of Change and Monitoring and Evaluation framework, and early projects to deliver Spirit's mission.

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

### **CONSTITUTION**

The Spirit of 2012 is a registered charity (number 1155110) and its governing document is the Trust Deed dated 7 October 2013, and incorporating the Deed of Amendment dated 29 March 2014.

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### **Structure**

The strategic direction is set, and decisions made, by the board of Directors of the Trustee. The present Directors were appointed, re-appointed or recruited in accordance with the terms of the Articles of Association. The Directors during the period were as follows:

Dugald Mackie – Chair  
Sir Harry Burns  
Baroness Sue Campbell (resigned 30 September 2014)  
Paul Cuttill OBE  
John Gartside OBE  
Jane Lady Gibson (appointed 25 March 2015)  
Linda Grant (appointed 25 March 2015)  
Efa Gruffudd Jones MBE (appointed 1 October 2014)  
Sir Nicholas Kenyon (resigned 25 March 2015)  
Carl Konadu (appointed 1 September 2014)  
Jan Paterson MBE  
Susannah Rodgers (appointed 1 October 2014)  
Baroness Tanni Grey-Thompson (resigned 30 September 2014)  
David Watters

Three sub committees of the board advise on strategic decision-making and are chaired by Directors of the Trustee with support from the executive team. These are:

Finance and Investment	– Chaired by Paul Cuttill OBE
Audit and Risk	– Chaired by David Watters
Recruitment and Remuneration	– Chaired by Dugald Mackie

#### **Structure**

The Spirit executive is led by Chief Executive Debbie Lye, and assisted by Ruth Hollis (Director of Policy and Research), Julie Boulting-Hodge (Head of Finance), Penny East (Head of Communications), Alex Johnston, Harris Lorie and Oliver Williams (Programme Managers), Linda McRoberts (Governance Manager) and Ben Brown (Communications and Office Assistant).

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#### **Governance**

Directors are fully responsible for governance. Under the terms of the Trust Deed, Jon Siddall has been appointed as Protector who has a duty "to ensure the integrity of the administration of the Charity and the propriety of its procedures". The Protector is not involved in the Charity's decision making, although the deed stipulates that his consent is required in certain specified situations. The Protector is required to report any matters of serious concern to the Founder.

#### **Recruitment and training of Directors**

Directors are appointed by the Board to provide the skills, sectoral, national and regional knowledge required by the charity. The two most recent appointments were made following an open recruitment process arranged through Trustees Unlimited. Before confirming appointments, Spirit checks the Charity Commission and Companies House registers of disqualified Directors. There is an induction process for new Directors, who receive Board pack including relevant policies and strategies, the most recent financial accounts and the Governance and operational structure. Bates, Bells and Braithwaite act as our legal advisor.

#### **Conflicts of Interest, related parties and other connected bodies**

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

The wide-ranging remit of Spirit involves the charity in working with leading organisations across the diverse fields of sport, arts, events organising, volunteering and disability. Our Directors will often themselves be leaders in these fields, and so there will sometimes inevitably be close relations between the Directors and stakeholder organisations. Details of related parties and relevant transactions are logged in a Register of Interests, maintained according to our Conflicts of Interest Policy, and in the minutes of Board meetings, if the Agenda so requires, and disclosed in note 21 to the financial statements.

In the interests of transparency, we maintain a gifts and hospitality register.

#### **Risk Management**

Spirit has a Risk Management Policy to enable the Board and Executive better to protect our property, assets and other resources, and the health and safety of employees and others with whom we work, to safeguard business continuity, and to maintain our reputation. The Board recognises that our activities may expose the charity to risk and the organisation regularly and rigorously assesses our exposure to risk, and identifies appropriate actions to avoid, manage or minimise their impact.

Our Risk Management policy is designed to:

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

## **SPIRIT OF 2012**

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#### **FOR THE PERIOD ENDED 31 MARCH 2015**

These objectives are being achieved by:

- Allocating specific risk management roles, responsibilities and processes.
- Making risk assessment integral to all decision-making, business planning and performance management processes.
- Assessing risk as part of the consideration of all grant applications.
- Reviewing risk management during annual internal audits.
- Reinforcing rigorous risk management through quarterly corporate plan reviews, training and shared learning.
- Ensuring that risks which materialise as Issues are actively managed and resolved.

There are several components to the Risk Management policy. The organisational Risks and Issues Register (RIR) is used to identify, quantify (according to an aggregate of likelihood and impact), mitigate and control four categories of risk: Delivery, Financial, Reputational and People. The Board has agreed and defined the following risk levels which are consistent with the Institute of Risk Management's standards. These are Insignificant, Moderate, Major and Catastrophic.

The Programme Management Team, the Head of Finance and the Head of Communications also maintain risk registers for their business areas. Risks in their areas assessed as Major are escalated onto the organisational RIR. The RIR is subject to quarterly review by the Board and to more detailed scrutiny every six months by the Audit and Risk Committee.

Spirit cannot control external environmental risks, for example macroeconomic factors like inflation, interest rates and changes in government legislation. However, risks or issues arising from external influences are included in the RIR.

### **FINANCIAL MANAGEMENT POLICIES**

Spirit has maintained existing and adopted a number of new financial policies in the period to safeguard the custody and maximise the income of the endowment as well as to maintain efficient oversight of day to day financial transactions. The endowment is managed by Barclays Wealth, supervised by Investment Consultant Michael Kyriakides under the direction of the Finance and Investment Committee. The Investment Strategy is operated within the framework of an overarching Investment Policy which takes into account the long and short term cash flow forecasts provided by the Head of Finance.

Grant and Programme expenditure is agreed by the Board. Under the current 5 year programme strategy the Board has allocated funding to identified programme areas and the budget provides annual cash flow projections. Core expenditure is profiled within the annual budget which Board agrees at the commencement of each financial year.

The Procurement Policy specifies that, in order to obtain value for money, services valued at over £10,000 must be put to tender. Any individual cost/contract over £10,000 requires the approval of a Director.

## SPIRIT OF 2012

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## SPIRIT OF 2012 VISION, MISSION AND VALUES

### Vision

People empowered to get out, be involved and feel better

### Mission

We are working to recreate the spirit that radiated from the London 2012 Olympic and Paralympic Games by investing in events as catalysts for change for people and communities across the UK. We promote wellbeing and social cohesion and challenge limiting perceptions of disability by funding partners that provide opportunities in sports, physical activity, arts and culture, volunteering and social action.

### Strapline

*Investing in happiness*

### Business Planning

Day to day activity is driven by the Corporate Plan, which sets Annual Strategic Objectives, derived from the Charitable Objects, and Business Objectives for the organisation. Progress towards delivering them is reviewed quarterly by the whole Executive Team. These are as follows.

### Strategic objectives

1. Use local and national events as platforms to encourage full and active community participation in arts, culture, sport, physical activity and social action to contribute to wellbeing<sup>1</sup>.
2. Enhance the volunteering infrastructure for community benefit.
3. Engage, enable and empower young people as leaders and ambassadors in schools, communities and nationwide.
4. Improved perceptions towards disability and impairment to help achieve a step-change in positive attitudes building on the success of the London 2012 Paralympic Games.
5. Collect and share learning gained by Spirit and others in our priority areas to inform and enhance the organisation of future events across the UK.

### Business Objectives

1. Ensure that Spirit, its endowment and other resources are effectively and efficiently managed to the standards required by the Big Lottery Fund and other key stakeholders.
2. Maximise the potential of Spirit by securing at least £2m in partnership and /or match-funding over the year, and by sound financial management and investment strategy.
3. Raise the profile of Spirit and its activities so that the public and key stakeholder audiences understand the continuing commitment to London 2012 legacy.
4. Establish a framework for formative monitoring and evaluation through the life of Spirit and conduct and disseminate first thematic evaluations.

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<sup>1</sup> **Mental wellbeing** - A dynamic state, in which the individual is able to develop their potential, work productively and creatively, build strong and positive relationships with others, and contribute to their community. It is enhanced when an individual is able to fulfil their personal and social goals and achieve a sense of purpose in society. *Foresight Mental Health & Well-being Project, 2008, Department for Business, Innovation and Skills*

## SPIRIT OF 2012

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#### FOR THE PERIOD ENDED 31 MARCH 2015

#### Values Statement

Spirit of 2012 is a values-based organisation, and the values articulated in the Values Statement below guide all our processes, relationships and actions.

*We are not a faceless funder. We know our projects inside out; we firmly believe in investing in happiness by empowering people to get out, be involved and feel better.*

*As a funder we're*

**Fair:** *In everything we do, from the big decisions to the everyday running of our office, we will be fair and committed to equal chances.*

**Focused:** *All our decisions further our mission and nudge the world closer to our vision. We will not stray from either.*

**Forthright:** *We will take risks to do the right thing - we celebrate innovation and proactive approaches.*

**Frank:** *No jargon, no fobbing off, no waffle. In our dealings with everyone - from members of the public to major stakeholders – we will be upfront.*

**Friendly:** *We are eager to listen to what you want to say to us, whether good or bad, and we want to help. We are committed to kindness and treating others with respect.*

#### OPERATIONS

##### Funding Strategy

The Spirit of 2012 Funding Strategy explains what Spirit will fund, who is eligible for funding, how we set about allocating and managing funding, what we expect from our grant recipients and why we work in the way we do.

There are 3 parts to the strategy:

1. The 10 Guiding Principles which give the underpinning rationale for all our funding decisions.
2. Eligibility Criteria for:
  - a. Who can apply for Spirit funding, and
  - b. What may be funded.
3. Grant-making principles and processes.

When funding programmes are open we post all the information applicants need to apply on our website and advertise the opportunity through social media. Spirit does not fund applications which do not meet our criteria, or applications sent to us outside the opportunities we advertise.

##### Funding: Summary of the Guiding Principles

1. Spirit will invest only in the charitable objects in our Trust Deed/Funding Strategy
2. Spirit is a UK wide body funding all nations and regions of the UK
3. Spirit aspires to help create and support sustainable change.
4. Spirit aims to be a supportive funder.
5. Spirit aspires to be an intelligent funder.
6. Spirit may sometimes request proposals from individual organisations.
7. Spirit will partner with young and/or innovative organisations.
8. There will be at least one open Spirit Challenge Fund opportunity each year.
9. Spirit will seek out, record and help to spread best practice.
10. Spirit will be open and transparent about our funding decisions.



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The full Funding Principles and the broader Funding Strategy are published on our website <http://www.spiritof2012trust.org.uk/funding/funding-strategy>. The 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 & Reporting Framework

Spirit writes a grant offer award letter to all grant recipients setting out how we will work with the successful applicant during the period of the grant agreement, and our expectations of them in terms of financial and activity reporting, monitoring and evaluation and communications. We then invite the new grant holder to a grant set up meeting to talk through the requirements and to address any issues or concerns. Finally the grant agreement is signed by both the Spirit Chief Executive and the grant holder, at which point it becomes legally binding. For more complex partnerships, for example *Fourteen* and *Do it for Real*, involving multiple partners we develop additional partnership agreements or MOUs.

#### Monitoring and Evaluation

In making the endowment, the Big Lottery Fund expressed the expectation that Spirit's investment in events-inspired activities would contribute to the store of knowledge and understanding of how events can benefit communities. We therefore take monitoring and evaluation very seriously, treating data collection not as an afterthought, but as an integral and formative part of the development of any project we fund. In order to ensure that we can collate relevant learning from our portfolio of programmes, Spirit has developed a Theory of Change. We use this as a common reporting framework for all grantees so that we are able to measure impact against 12 high level outcomes across very diverse grant programmes using common indicators. Two outcomes, relating to wellbeing and the perception of disabled people, are compulsory core outcomes that all grantees must undertake to achieve. The outcomes are underpinned by the overarching Spirit of 2012 Impact Statement:

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

- *Improve the health and wellbeing of individuals, communities and society as a whole*
- *Improve perceptions towards disability and impairment*
- *Lead to greater social cohesion and understanding"*

The impact statement and outcomes are integral to all Spirit application packs and grant applicants will be assessed on how they plan to deliver them.

#### PROGRAMMES REPORT

During the year Spirit entered into 14 grant agreements with organisations delivering projects across the UK. By the end of the financial year one of these grants was completed and 13 were still live in addition to 5 Keeping the Spirit Alive Grants novated from the Big Lottery Fund in April 2014. We also awarded 6 small match-funding grants of £4,000 each to representatives of charitable organisations who ran under the Spirit banner at the July National Lottery Anniversary run to celebrate the achievements of the Lottery over 20 years. These grants were awarded to: Spitalfields Music, Gig Buddies, South West Athletics Academy, Good Gym, Ladies who L-Earn and SPAT (now The Running Charity).

## SPIRIT OF 2012

### TRUSTEE'S REPORT

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### Programme Strategy

In line with the Founder's intention that Spirit should fund activities linked to major events, such as the Glasgow 2014 Commonwealth Games, the charity has adopted a funding strategy up to the financial year 2018-19 built around significant sports, arts and cultural events and the core themes of volunteering, youth leadership development and changing perceptions and meeting the needs of disabled people.

Within that strategy the Charity currently funds 4 event-based programmes:

Spirit of Glasgow	Inspired by Glasgow 2014 Commonwealth Games
Spirit of Rugby	Inspired by Rugby World Cup 2015
Spirit of Rio	Inspired by Rio 2016 Olympic & Paralympic Games
Spirit of Hull	Inspired by Hull 2017 City of Culture

In addition we fund projects across the three core themes of volunteering, disability and youth leadership development.

### Spirit of Glasgow

Spirit of Glasgow is a multi-strand programme designed to fulfil the Trust Deed requirement to enhance volunteering provision and activities in the context of the Glasgow 2014 Commonwealth Games in Scotland, and across the UK. The 5 projects within the programme support community sport & physical activity, arts & culture and volunteering and all aim to increase participation and connect people within communities and across communities. To achieve this we awarded 4 grants to:

#### Street Games for *Chance for a Thousand* and *Games on your Doorstep*

To deliver a Commonwealth Games experience for young people throughout the UK, 750 of whom attended the Games in Glasgow. *Games on Your Doorstep* delivered 207 pop up summer sports clubs across the UK for around 13,000 children and young people and trained 150 young people as volunteers to deliver the projects.

#### Glasgow 2014 Ltd for *Open Ceremonies*

Spirit awarded a grant to Volunteer Scotland to help groups facing economic barriers to participation, or the increased challenges arising from disability, impairment or caring responsibilities, or who are geographically remote, to be part of the Glasgow Commonwealth Games. 282 cast members were supported to participate in the opening and closing ceremonies, and post Games many more were signposted towards continued participation in performance and the arts and volunteering.

#### UK Communities Foundation and Springboard CIC for *Fourteen*

This £3.5 million programme will enable 14 communities across the UK over the next 3 ½ years to implement community development projects that connect and empower local people, inspire community pride and increase volunteering and engagement in sport and cultural activity. The communities are: Ruchill and Possil Park, Calton and New Gorbals (all in Glasgow), Islay (Argyll and Bute, Caithness (Highlands) and Dumbiedykes, (Edinburgh) in Scotland; Harpurhey & Moston (Manchester), Kingstanding (Birmingham), Ryhope & Hendon (Sunderland), Southmead (Bristol) in England; Mid Rhondda (Rhondda) and Bro Aberffraw (Anglesey) in Wales; and Monkstown & New Mossley (Belfast) and Creggan (Derry/Londonderry)

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##### UNESCO City of Music Team in Glasgow for the *Big Big Sing*

This initiative used the Glasgow Games as a platform to inspire people across the UK to take up singing in the lead up to and during Games time, and to bring the joy of singing to a wide UK audience. The highlight was a mass sing involving over 40,000 people on Glasgow Green during the Games.

##### **Spirit of Rio**

##### British Olympic Foundation for *Get Set's Road to Rio*

This project uses the power of the Olympic and Paralympic Games to support young people in understanding and living the Olympic and Paralympic values. It includes a Road to Rio app designed to encourage young people to be physically active, and to form teams to walk, swim, run, dance, cycle or otherwise cover 9298km, the distance between the London and Rio Olympic Stadiums. There are also interactive learning, resources and a website.

##### Rugby Football Union for *Spirit of Rugby*

This year England hosts the Rugby World Cup, and in 2016 Rugby 7s will become an Olympic Sport for the first time. Spirit of Rugby is engaging young people in 15 areas across England in designing youth led activities centred on the sport in all its forms and on promoting the rugby clubs as community connectors.

##### Sporting Memories for *Uniting Generations*

This innovative project brings young people and older people together to capture and share those vivid memories of the London 1948 and 2012 Olympic and Paralympic Games, the 1966 England Football World Cup victory and of sport in all its guises, helping to tackle loneliness, depression and dementia. By creating a lasting archive of memories to be used at weekly Sporting Memories groups across the UK, younger volunteers learn about the social and physical challenges faced by older people. They receive training and support to deliver activities and events that use the London 2012 Games to trigger memories of sporting events gone by.

##### **Thematic Programmes**

##### **Spirit of Achievement**

##### British Paralympic Association for *National Paralympic Day 2014 (NPD)*

Building on the first ever UK NPD in 2013, events were held in London, Liverpool, Birmingham and Glasgow. 30,000 people attended the Queen Elizabeth Olympic Park to watch Paralympic stars compete and to have a go themselves, Featured sports included Boccia, Goalball, and Wheelchair basketball, and the London Aquatic Centre hosted the first international competition since the London 2012 Games. Nearly half of the attendees in Liverpool and Birmingham say they are more likely to take up a new sport as a result of *National Paralympic Day*, while almost two thirds reported a more positive view of disabled people.

##### Shape and Artsadmin for *Unlimited Impact*

An extension of the acclaimed Arts Council funded *Unlimited Cultural Olympiad* project, *Unlimited Impact* focuses on inspiring and developing the next generation of young, disabled people passionate about making change through art. It enables venues and festivals across England, Scotland and Wales to show ambitious and high quality art by disabled people and reach out to more disabled audiences while provoking discussion and debate of disabled artists' work. *Unlimited Impact* is a three year programme delivered by the disability-led arts charity, Shape and the arts producing organisation, Artsadmin.

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##### United Kingdom Sports Association for People with Learning Disability for *My Sport, My Voice*

The London 2012 Paralympic Games enabled athletes with learning disabilities to compete for the first time since Sydney 2000. *My Sport My Voice!* aims to raise the profile of talented athletes with a learning disability by providing a platform to showcase their achievements, inspire others and dispel myths around learning disability. It will highlight achievements at the IPC Paralympic Games and INAS Global Games as well as Cricket Tri Nations Series and other championships.

##### **Spirit of Volunteering**

###### Voluntary Arts for Voluntary Arts Week

Voluntary Arts works to promote and increase active participation in cultural activities across the UK. This umbrella organisation provides information and training to many thousands of groups and individuals who participate in the voluntary arts sector.

###### Team London for Young Ambassadors

Delivered by The Mayor of London's Volunteer Programme for Schools in partnership with Free the Children, this project inspires children to engage in social action, in their school and community. The project has created thought-provoking, fun and interactive school handbooks to introduce students to social action, and an award scheme to recognise the volunteering efforts of schools and young people. The project is primarily delivered to pupils in Year 5 and Year 9. Pupils from over 1000 schools (467 of them in the 2014-15 financial year). Its 190,000 young participants have spearheaded a host of actions to inspire other pupils to tackle issues chosen by pupils themselves.

###### WCVA for Volunteering Spirit Wales/Ysbryd Gwirfoddoli Cymru

The aims of the project are to widen access to event volunteering, improve standards in the involvement of volunteers at events, and to build networks of support for organisations to learn from each other's experiences of managing event volunteers. Over two and a half years, WCVA will work with partners on six pilot projects across Wales, exploring how principles of good volunteer management can be embedded and applied consistently to events taking place in different contexts and at different scales.

##### **Spirit of Youth**

###### British Red Cross for *Inspired Action*

Inspiring, training and enabling young people, including young disabled people, to volunteer with the British Red Cross by creating and running their own social action projects. Working with 15-25 year olds who want to give their time and take action, the British Red Cross and partners Whizz Kids help young people find an opportunity that matches their needs and interests. Inspired Action volunteers are encouraged to participate in British Red Cross services including local shops, teaching children first aid, giving emergency help in a flood or fire, fund-raising and more.

###### Youth Sport Trust for *Lead Your Generation: Inclusive Futures (IF)*

14-19 year olds, disabled and non-disabled, work alongside each other to support and deliver physical activities in schools and communities. The trained young volunteers are guided by a coordinator, based in a local sporting organisations in 8 IF centres: Swansea, London, Bath, Glasgow, Manchester, Gateshead, Birmingham and Belfast. Each city held regional training camps and the young people have acted as valued volunteers at large-scale sporting events, including the European IPC Swimming Championships in Swansea, National Paralympic Day in London, Liverpool and Birmingham and the Sainsbury's School Games in Manchester. The coordinators enable volunteers by sustaining their involvement and finding them placements in a school or community club. This in turn increases local

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inclusive physical activity and sport opportunities for the wider community. A national IF camp in March 2015 enabled the IF volunteers to meet top athletes, including Hannah Cockroft.

#### UKActive for Asda Active Sports Leaders

This project is growing the number and diversity of qualified Sports Leaders to encourage more young people to be physically active and to promote sustained community involvement amongst young people. Over 60,000 got active last year through the Sports Leaders and ASDA Active programme of activities. 7,500 sports leaders were trained in new skills to help young people run, jump, skip and dance their way to fitness. ASDA Active sports days the length and breadth of the UK focus on participation rather than competition, allowing children to try out a range of sports. The volunteer Sports Leaders create and run safe and engaging activities that inspire others to become more active. The project benefits whole communities of families living around participating ASDA stores.

#### Comic Relief for Do it for Real

Launched through this year's Red Nose Day Campaign, Comic Relief, and their delivery partner UnLtd, with our support, are creating exciting opportunities for young people. *Do it for Real* is a partnership that helps young people to become social entrepreneurs, and to create and realise their own business ideas that positively impact on people and communities.

#### Youth Advisory Panel

As part of our Youth programme we have awarded a contract (through open procurement) to Participation People to support the Spirit of 2012 Youth Advisory Panel. This is central to our commitment to youth leadership. The 12 highly committed Youth Panel Members, aged 18-26, champion and advise Spirit, making connections with youth organisations and youth policy issues and shaping funding decisions. They are empowering themselves through a programme of training, coaching and mentoring. We recruited the first Youth Advisory Panel to serve for two years at the end of 2014. A fast-paced induction weekend in January 2015 brought the panel together in London to meet each other and they have since met again in Manchester and attended consultations, events and project visits. They are an active presence on social media.

## COMMUNICATIONS

### Communications Strategy and Framework

Spirit's overarching communications objective is:

*To maintain and increase the profile of Spirit of 2012 and its impact, so that key stakeholder audiences recognise the value of investment in events as catalysts for social change.*

It is underpinned by 5 supporting objectives:

- *Spirit is recognised and respected for delivering tangible outcomes and long-term impact.*
- *Spirit's role as a distinctive funder committed to partnership and innovation is understood throughout the UK.*
- *The public imagination is captured by the engaging and emotive stories linking our events-inspired programme*
- *Ensure all communications channels are strategically and fully utilised.*
- *All internal and external key stakeholder audiences are engaged and aware of our vision and development.*

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During the year 2014-15 the major communications focus was the redesign of the website, which aimed to maximise its appeal and functionality and increase the visibility of our programmes and projects and the impact they are having.

Following a procurement process, Big Mallet was appointed to deliver this project, and the new website was launched on 16 February 2015. We have seen an immediate impact on web traffic following the re-launch with views of the site increasing from approximately 1,400 a week before the launch to 13,800 by the end of the year. Twitter followers also increased from around 300 to 1,343 over the year.

### **FINANCIAL REVIEW AND REMUNERATION**

#### **Income generation**

During the period Spirit received an endowment of £4,569,350 from the Big Lottery Fund restricted to the Keeping the Spirit Alive programmes, an additional endowment of £500,000 restricted to the Unlimited Impact project and interest receivable of £412,096. Total incoming resources are shown in the Statement of Financial Activities at £5,481,446.

#### **Grant expenditure**

Total grant expenditure of £13,476,597 was committed by 31 March 2015 across seven Spirit grant themes and the Innovation Fund.

#### **Other costs**

Other costs relating to the Spirit Programme themes amounted to £631,368 in the period, and governance costs to £109,264. Total outgoing resources are shown in the Statement of Financial Activities at £14,217,229.

#### **Fixed assets**

During the period Spirit purchased fixed assets with a cost of £4,964 and the net book value at 31 March 2015 was £26,399.

#### **Remuneration Committee**

The Remuneration and Recruitment Committee is chaired by Dugald Mackie and included Baroness Sue Campbell, Sir Nicholas Kenyon and Paul Cuttill. After Baroness Campbell's resignation Efa Gruffudd Jones joined the Committee. Sir Nicholas Kenyon's membership ceased with his resignation from the Board on 25 March 2015. The Committee reviews the Board appointment and recruitment policy, and the overall staffing structure as well as the pay of all staff employed by Spirit. During 2014-15 the Committee agreed a 2.6% increase for all staff, in line with the Retail Prices Index. This is below the 3% budgeted for in the lifetime cashflow projection prepared for Spirit in 2013.

During the year two members of staff were paid over £60,000.

#### **Performance Management**

At the beginning of each year, all staff agree personal objectives with their line managers. These must align with Spirit's strategic and business objectives as set out in the annual corporate plan. The individual objectives are supplemented by training and development priorities to form the personal development plan (PDP). The Corporate Plan and the PDPs are each reviewed quarterly, and at the end of the year, staff and line managers together assess performance against personal objectives and Spirit's core competencies: Building Working Relationships, Communication, Delivery, Innovation, Planning and Organising and Selling the Vision, by their line manager and/or the Chief Executive. The Chair of the Board undertakes the performance assessment for the Chief Executive. PDPs are not

## **SPIRIT OF 2012**

### **TRUSTEE'S REPORT**

#### **FOR THE PERIOD ENDED 31 MARCH 2015**

directly linked to remuneration, although unsatisfactory performance identified through the Performance Management System may be drawn to the attention of the Recruitment and Remuneration Committee. By the same token, exceptional achievement evidenced in the PDP may be drawn to the attention of the Committee if the Senior Management Team believes the individual performance merits a higher salary grading.

#### **Investment policy and performance**

The Board appointed Barclays Wealth Management as its investment managers and agreed its Investment Policy Statement. At 31 March 2015 £33,675,833 (2014 - £31,659,971) was held as fixed asset investments, £7,438,009 (2014 - £3,701,731) was held as short-term deposits, and £2,142,948 (2014 - £6,342,618) as cash at bank available on demand. Return on investments for the year was as follows; Investment income £412,096 (2014 - £91,337) and gains on investments amounted to £779,237 (2014 - £Nil). The rate of return on investments based on the average balance of funds held over the year, (which includes gains on investments), amounted to 2.8%.

#### **Reserves policy**

Reserves at 31 March 2015 totalled £33,757,067, of which £433,248 relates to unrestricted funds and £33,323,819 relates to endowment funds. The Directors may apply both capital and interest on the endowment to either unrestricted or restricted funds as required.

#### **FUTURE PLANS**

##### **Grant making**

Spirit will continue to make grants from April 2015 within the framework of the 5 year programme strategy agreed by the Board. In December 2014 the Board made a decision that Spirit of 2012 should commit significant support to Hull City of Culture 2017. An initial award of £500,000 was awarded and we expect Hull City of Culture 2017 to develop a programme that is both rich in creative and celebratory content, and engages and benefits the diverse communities of Hull, with a view to committing a more significant grant in the future.

During the coming year we expect to award grants through our Spirit of Achievement Challenge Fund, for inclusive arts projects to challenge limiting perceptions of disabled people and provide increased opportunities for engagement, through the Spirit of Rio, to encourage more people to participate in recreational physical activity for enhanced wellbeing, and through the Spirit of Youth, to foster youth leadership and social cohesion.

One or more small grants will also be awarded under the advice of the Youth Advisory Panel from a fund of £100,000 which Board has delegated for that purpose. We will also consult with potential partners to develop plans for a programme of activities and grants to commemorate the centenary of women's suffrage in 2018, and have awarded a small development grant of £9,600 to the Southbank Centre to develop proposals for regional extension to their Women of the World programme.

##### **Monitoring and Evaluation**

On 9 June 2015 Spirit hosted the first monitoring and evaluation forum for all of our grant partners and of Impact InFocus, our external evaluator, with the aim of sharing early learning and the different approaches that partners are taking to collecting key performance indicator evidence of their progress towards achieving their project outcomes. They also considered the early findings of the process evaluation of Spirit's grant making and management processes. This is part of an agreed three year programme of evaluation activity up to October 2017, including annual reports.

## **SPIRIT OF 2012**

### **TRUSTEE'S REPORT**

#### **FOR THE PERIOD ENDED 31 MARCH 2015**

##### **Communications**

The Head of Communications has developed a monthly planning grid to guide activities through the year. Because our endowment derives from the National Lottery, and is therefore public money, we will, in the public interest, continue to ensure that we are fully transparent about its use, for example, by announcing all grant awards made by the Board and agreed with partners, once they have been confirmed.



## **SPIRIT OF 2012**

### **TRUSTEE'S REPORT**

**FOR THE PERIOD ENDED 31 MARCH 2015**

#### **TRUSTEE'S RESPONSIBILITIES**

The Trustee is responsible for preparing the annual report and the financial statements in accordance with applicable law and 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 result 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 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 which 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 Charity (Accounts and Reports) Regulations 2008 and the provisions of the Trust Deed. The Trustee is also responsible for safeguarding the assets of Spirit and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **AUDITORS AND SOLICITORS**

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

Approved by the Trustee and signed on its behalf by:

**Chair**  
**Dugald Mackie**

8 July 2015

**STATEMENT ON THE SYSTEM OF INTERNAL CONTROLS**

**FOR THE PERIOD ENDED 31 MARCH 2015**

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

The systems can provide only reasonable and 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 a timely year.

The system of internal control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

Comprehensive budgeting systems with an annual budget which is reviewed and agreed by the Board of the Corporate Trustee;

- Regular reviews by a committee of the Board of periodic and annual financial reports which indicate financial performance against targets;
- Setting targets to measure financial and other performance;
- Clearly defined capital investment control guidelines;
- As appropriate, formal project management disciplines;
- Procedures for the assessment of applications and the management of grants, ensuring that all applications and grants receive sufficient, consistent processing; and
- Procedures for monitoring grants to ensure use for proper purpose.

The major risks to which Spirit is exposed are identified, reviewed, mitigated and managed through the processes set out in the Risk Management section of this Report. At the end of the period the key risks, classified in terms of likelihood and impact combined were:

- Inability to meet the volume of expectations from organisations seeking funding (Major);

And the following risks classed as Moderate:

- Breakdown in organisational infrastructure and processes;
- Momentum of project management demands outstrips resource and capacity;
- Insufficiently robust monitoring;
- Fraud, error or financial mismanagement reduces the impact of Spirit's investment.

Spirit's systems and procedures have been reviewed internally, in January 2015, as well as by our external auditors. We confirm that plans and procedures are in place for ensuring the continued effectiveness of control arrangements and managing risks in the coming year.

**Dugald Mackie**  
**Chair**  
**8 July 2015**

**Debbie Lye**  
**Chief Executive**  
**8 July 2015**

## **SPIRIT OF 2012**

### **INDEPENDENT AUDITORS REPORT**

#### **FOR THE YEAR ENDED 31 MARCH 2015**

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We have audited the financial statements of Spirit of 2012 for the period ended 31 March 2015 set out on pages 21-36. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's Trustee, as a body, in accordance with Section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's Trustee those matters we are required to state to it in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of Trustee and Auditor**

As explained more fully in the Statement of Trustee's responsibilities the Trustee is responsible for the preparation of accounts which give a true and fair view.

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

#### **Scope of the audit of the accounts**

An audit involves obtaining evidence about the amounts and disclosures in the account sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustee; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the Trustee Report to identify material inconsistencies with the audited financial statements, and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on accounts**

In our opinion the accounts:

- give a true and fair view of the state of the charity's affairs as at 31 March 2015, and of its incoming resources and application of resources for the period 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.

**SPIRIT OF 2012**

**INDEPENDENT AUDITORS REPORT**

**FOR THE YEAR ENDED 31 MARCH 2015**

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**Matters on which we are required to report by exception**

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

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

**HW Fisher & Company**

Chartered Accountants

Statutory Auditor

Acre House

11-15 William Road

London

NW1 3ER

Date: 8 July 2015

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

**SPIRIT OF 2012**

**STATEMENT OF FINANCIAL ACTIVITIES**

**FOR THE YEAR ENDED 31 MARCH 2015**

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2015 £	Total Funds 2014 £
<b>Income and Expenditure</b>						
<b><u>Incoming Resources From Generated Funds</u></b>						
<b>Voluntary Income</b>						
Gifts in Kind	2	-	0	-	0	15,000
<b>Investment Income</b>						
Investment income	3	336,454	39,903	35,739	412,096	91,337
<b>Incoming Resources From Charitable Activities</b>						
Grants	6-7	-	5,069,350	0	5,069,350	42,000,000
<b>Total Incoming Resources</b>		<b>336,454</b>	<b>5,109,253</b>	<b>35,739</b>	<b>5,481,446</b>	<b>42,106,337</b>
<b><u>Resources Expended</u></b>						
<b>Charitable Activities</b>						
Spirit of Glasgow		4,014,143	367,855	-	4,381,998	142,045
Spirit of Youth		1,113,951	3,089,273	-	4,203,224	-
Spirit of Achievement		1,183,646	783,642		1,967,288	
Spirit of Volunteering		697,901	832,825		1,530,726	
Spirit of Rio		1,377,588	35,658		1,413,246	
Spirit of Hull		523,425			523,425	
Spirit of Women		10,050			10,050	

**SPIRIT OF 2012**

**STATEMENT OF FINANCIAL ACTIVITIES**

**FOR THE YEAR ENDED 31 MARCH 2015**

Innovation Fund		78,009			78,009	180,432
<b>Governance Costs</b>		<u>69,934</u>	<u>0</u>	<u>39,330</u>	<u>109,264</u>	<u>70,246</u>
<b>Total Resources Expended</b>	<b>5-8</b>	<b><u>9,068,647</u></b>	<b><u>5,109,253</u></b>	<b><u>39,330</u></b>	<b><u>14,217,230</u></b>	<b><u>392,723</u></b>
<b>Net (Outgoing)/Incoming Resources For the year</b>		<b>(8,732,193)</b>	<b>0</b>	<b>(3,591)</b>	<b>(8,735,784)</b>	<b>41,713,614</b>
<b>Gain on Investment Assets</b>	<b>12</b>	<b>0</b>	<b>0</b>	<b>779,237</b>	<b>779,237</b>	<b>0</b>
<b>Net movement in Funds</b>		<b>(8,732,193)</b>	<b>0</b>	<b>775,646</b>	<b>(7,956,547)</b>	<b>41,713,614</b>
<b>Transfer of funds</b>		<b>9,068,647</b>	<b>0</b>	<b>(9,068,647)</b>	<b>0</b>	<b>0</b>
<b>Balances Brought Forward at 1st March 2014</b>	<b>17</b>	<b><u>96,794</u></b>	<b><u>0</u></b>	<b><u>41,616,820</u></b>	<b><u>41,713,614</u></b>	<b><u>0</u></b>
<b>Balances Carried Forward at 31<sup>st</sup> March 2015</b>	<b>17</b>	<b>433,248</b>	<b>0</b>	<b>33,323,819</b>	<b>33,757,067</b>	<b>41,713,614</b>

The statement of financial activities includes all gains and losses recognised in the period.

The notes on pages 25 to 36 form part of these financial statements.

**SPIRIT OF 2012****BALANCE SHEET****FOR THE YEAR ENDED 31 MARCH 2015**

		<u>2015</u>		<u>2014</u>	
		£	£	£	£
	<b>Notes</b>				
<b>Fixed assets</b>					
Tangible assets	<b>11</b>	26,399		31,988	
Investments	<b>12</b>	33,675,833		31,659,971	
			<u>33,702,232</u>		<u>31,691,959</u>
<b>Current assets</b>					
Debtors and prepayments	<b>13</b>	20,863		94,434	
Short term deposits	<b>14</b>	7,438,009		3,701,731	
Cash at bank and in hand		<u>2,142,948</u>		<u>6,342,618</u>	
		<u>9,601,820</u>		<u>10,138,783</u>	
<b>Creditors : Amounts falling due within one year</b>	<b>15</b>	<u>5,377,027</u>		<u>117,128</u>	
<b>Net current assets</b>			4,224,793		10,021,655
<b>Creditors : Amounts falling due after year</b>	<b>16</b>		(4,169,958)		0
<b>Net assets</b>			<u><u>33,757,067</u></u>		<u><u>41,713,614</u></u>
<b>Represented by</b>					
Unrestricted Funds	<b>17</b>		433,248		96,794
Restricted Funds	<b>18</b>		0		0
Endowment	<b>19</b>		33,323,819		41,616,820
	<b>17</b>		<u><u>33,757,067</u></u>		<u><u>41,713,614</u></u>

Approved by the Trustee on  
And signed on its behalf by

8 July 2015

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Dugald Mackie  
Chair

**SPIRIT OF 2012**

**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 MARCH 2015**

	2015		2014	
	£	£	£	£
<b>Notes</b>				
<b>Net (outgoing)/incoming resources</b>		<b>(8,735,784)</b>		41,713,614
Less: investment income		<b>(412,096)</b>		<b>(91,337)</b>
Add: depreciation		10,553		3,730
Decrease (Increase) in debtors		73,571		<b>(94,434)</b>
Increase/(Decrease) in creditors		9,429,856		117,128
<b>Net cash inflow from operating activities</b>		366,100		41,648,701
Investment Income		412,096		91,337
		778,196		41,740,038
<b>Capital Expenditure and Financial Investment</b>				
Purchase of Tangible Fixed Assets		<b>(4,964)</b>		<b>(35,718)</b>
Acquisitions of investments		<b>(2,856,073)</b>		<b>(31,659,971)</b>
Sales of investments		1,619,448		-
Transfer from/(to) endowment funds		8,293,001		<b>(41,616,820)</b>
		7,829,608		<b>(31,572,471)</b>
<b>Management of Liquid Resources</b>				
Net decrease/(increase) in funds on deposit		<b>(3,736,277)</b>		<b>(3,701,731)</b>
		4,093,331		<b>(35,274,202)</b>
<b>Financing</b>				
Transfer to/(from) endowment funds		<b>(8,293,001)</b>		41,616,820
<b>Net (decrease)/increase in cash</b>		<b>(4,199,670)</b>		6,342,618
<b>Cash brought forward</b>		6,342,618		0
		2,142,948		6,342,618
<b>Cash carried forward</b>				

The notes on pages 25 to 36 form part of these financial statements



## 1. Principal Accounting Policies

### **Basis of accounting**

The financial statements have been prepared in accordance with the Charities Act 2011, applicable accounting standards in the United Kingdom under the historical cost convention and in compliance with the accounting direction issued by the funding bodies, a copy of which can be obtained from Spirit's head office. They follow the recommendations of the Statement of Recognised Practice *Accounting and Reporting by Charities* ("SORP 2005") published in March 2005 (revised May 2008)

### **Grants receivable**

Grants receivable are credited to the statement of financial activities in the year in which they are receivable.

### **Investment income**

Investment income is recognised on an accruals basis where certainty of receipt can be established at the period end and is apportioned across the funds on the basis of individual fund values.

### **Resources expended**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to each category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources.

### **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 which are subject to annual monitoring procedures are deferred.

### **Allocation of overhead and support costs**

Overhead and support costs have been allocated first between charitable activity and governance. Other than consultancy fees and expenses, overhead and support costs relating to charitable activities have been apportioned based on the value of individual grants. Consultancy fees and expenses have been allocated to the charitable activity to which the consultants work related. The analysis of overhead and support costs is shown in note 5.

### **Governance costs**

Governance costs include audit and accounting fees, board costs and other costs directly attributable to the governance of Spirit

### **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 over £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. 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.

**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 represents the general reserves of the charity which 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 represents 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 are 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 in furtherance of the general objectives of Spirit 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.

**2. Gifts in Kind**

No gifts in kind were received in year (£15,000 was received in 2014 from the Big Lottery Fund consisting of an estimated cost of supplying project management resources during the set up of the Trust)

**3. Investment Income**

	2015 £	2014 £
Income from listed investments	149,448	-
Bank interest receivable	262,648	91,337
	<u>412,096</u>	<u>91,337</u>

Income from listed investments can be analysed as follows;

Fixed interest	50,816	-
Equities	69,857	-
Alternative investments	28,775	-
	<u>149,448</u>	<u>-</u>

**4. Grant Income**

During the year the following endowments were received:

	2015 £	2014 £
<b>Restricted Funds</b>		
Big Lottery Fund - Trust Development costs	0	180,432
Big Lottery Fund - Keeping the Spirit Alive	4,569,350	0
Big Lottery Fund - Unlimited Impact	500,000	0
<b>Endowment funds</b>		
Big Lottery Fund - Endowment 1	-	39,819,568
Big Lottery Fund - Endowment 2	-	2,000,000
	<u>5,069,350</u>	<u>42,000,000</u>

**5. Analysis of Expenditure**

Spirit undertook no direct charitable activities, but undertook programme development and also awarded grants to a number of institutions in the furtherance of its charitable activities.

	Programmes	Governance	2015 Total	2014 Total
	£	£	£	£
Grant Awards (see note 6)	13,476,597	-	13,476,597	64,180
Programme Development	240,248	-	240,248	47,070
Operational Costs	23,129	2,570	25,699	28,694
Premises Costs	29,640	3,293	32,933	5,592
Recruitment Costs	2,563	285	2,848	27,033
Staff Costs	233,540	25,949	259,489	128,772
Legal & Professional	0	60,406	60,406	77,522
Audit and Accountancy	0	5,400	5,400	5,400
Communications costs	40,027	4,448	44,475	0
Monitoring & Evaluation	41,512	4,612	46,124	0
Consultants Costs	20,709	2,301	23,010	8,460
	<b>14,107,965</b>	<b>109,264</b>	<b>14,217,229</b>	<b>392,723</b>

**SPIRIT OF 2012**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 MARCH 2015**

<b>6.</b>	<b>Grants Payable</b>			
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>No.</b>	<b>No.</b>	<b>£</b>	<b>£</b>
Spirit of Glasgow	5	1	4,185,893	64,180
Spirit of Youth	4		4,015,118	-
Spirit of Achievement	3		1,879,247	-
Spirit of Volunteering	3		1,462,222	-
Spirit of Rio	2		1,350,000	-
Spirit of Hull	2		500,000	-
Spirit of Women	1		9,600	-
Innovation Fund	7		74,517	-
	<u>27</u>	<u>1</u>	<u>13,476,597</u>	<u>64,180</u>

**7. Grants Payable**

	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>No.</b>	<b>No.</b>	<b>£</b>	<b>£</b>
Streetgames UK	1	1	121,182	64,180
UK Community Foundation	1		3,000,000	
Springboard	1		500,000	
Volunteer Scotland	1		196,856	
Glasgow UNESCO	1		367,855	
British Red Cross	1		778,472	
ukactive	1		1,500,000	
Youth Sport Trust	1		810,800	
Comic Relief	1		925,846	
Shape London	1		500,000	
UK Sports Association	1		279,397	
British Paralympic Association	1		1,099,850	
Voluntary Arts	1		832,824	
Welsh Council for Voluntary Action	1		179,398	
Greater London Authority	1		450,000	
British Olympic Foundation	1		600,000	
Rugby Football Development Ltd	1		750,000	
Hull City of Culture Ltd	2		500,000	

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## FOR THE YEAR ENDED 31 MARCH 2015

Southbank Centre	1	9,600	
Sporting Memories Network	1	49,951	
National Lottery Anniversary Run Organisations	6	24,566	
	<u>27</u>	<u>13,476,597</u>	<u>64,180</u>

## 8. Staff Costs &amp; Consultancy Costs

	<u>2015</u>	<u>2014</u>
	£	£
Wages and salaries	290,398	118,269
Social security costs	26,463	11,564
Pension contributions	<u>26,614</u>	<u>6,816</u>
<b>Total staff costs</b>	343,475	136,649
Seconded Staff - Programme Management	39,035	21,649
Consultancy fees - Director of Finance (including VAT)	41,480	32,400
	<u>423,990</u>	<u>190,698</u>

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

	<u>2015</u>	<u>2014</u>
	No.	No.
£60,000 - £69,999	1	0
£80,000 - £89,999	<u>1</u>	<u>0</u>
	<u>2</u>	<u>0</u>

The total amount of pension benefits paid for these employees was £15,594 (£Nil in 2014).

A staff member was seconded in 2013, following an open application and interview process. This was in order to respond to the need to quickly develop a compelling offer and strong stakeholder relationships around the Glasgow 2014 Commonwealth Games.

No Director of the corporate Trustee received any remuneration from the Trust during the year. Five Directors received £6,042 for the reimbursement of expenses incurred relating to the charity (three Directors receiving £9,041 in 2014). Expenses incurred included for travel, subsistence and accommodation.

The average number of employees analysed by function was:

	<u>2015</u>	<u>2014</u>
	No.	No.
Project staff	3	1
Management and Administration	4	3
	<u>7</u>	<u>4</u>

## 9. Net incoming resources

	<u>2015</u>	
	£	
<b>Net incoming resources is stated after charging:</b>		
	<u>2015</u>	<u>2014</u>
Auditors' remuneration for audit services (incl. VAT)	5,400	5,400
investment Management Fees	39,330	0
Travel, subsistence and hospitality costs	11,100	2,914
Directors' Indemnity Insurance	1,439	357
Fees and expenses of the Protector	<u>10,000</u>	<u>2,500</u>

## 10. Taxation

Spirit 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**

	<b>Office Equipment</b>	<b>Furniture and Fittings</b>	<b>Total 2015</b>	<b>Total 2014</b>
	£	£	£	£
All used for direct charitable purposes				
<b>Cost</b>				
At 1 <sup>st</sup> April 2014	19,151	16,567	35,718	-
Additions	<u>3,924</u>	<u>1,040</u>	<u>4,964</u>	<u>35,718</u>
At 1 <sup>st</sup> April 2015	<u><u>23,075</u></u>	<u><u>17,607</u></u>	<u><u>40,682</u></u>	<u><u>35,718</u></u>
<b>Depreciation</b>				
At 1 <sup>st</sup> April 2014	2,655	1,075	3,730	
Charges for the year	<u>7,135</u>	<u>3,418</u>	<u>10,553</u>	<u>3,730</u>
At 31 <sup>st</sup> March 2015	<u><u>9,790</u></u>	<u><u>4,493</u></u>	<u><u>14,283</u></u>	<u><u>3,730</u></u>
<b>Net book value</b>				
At 31 <sup>st</sup> March 2015	<u><u>13,285</u></u>	<u><u>13,114</u></u>	<u><u>26,399</u></u>	<u><u>31,988</u></u>
At 31 <sup>st</sup> March 2014	<u><u>16,496</u></u>	<u><u>15,492</u></u>	<u><u>31,988</u></u>	<u><u>0</u></u>



**12. Investments**

	<b>2015</b>	<b>2015</b>	<b>2014</b>	<b>2014</b>
	Cost	Market	Cost	Market
	£	value	£	value
	£	£	£	£
UK - 1 year fixed term deposits	-	-	26,700,000	26,700,000
Overseas certificate of deposits	-	-	4,959,971	4,959,971
Fixed Interest	7,914,616	8,022,852	-	-
Equities	5,943,729	6,191,106	-	-
Alternative investments	19,073,988	19,461,875	-	-
	<u>32,932,333</u>	<u>33,675,833</u>	<u>31,659,971</u>	<u>31,659,971</u>

	<b>2015</b>	<b>2014</b>
	£	£
At 1 April 2014	31,659,971	-
Additions in the year	2,856,073	31,659,971
Sales in the year	(1,619,448)	-
Realised gains in the year	52,189	-
Unrealised gains in the year	727,048	-
	<u>33,675,833</u>	<u>31,659,971</u>
Balance at 31 March 2015	<u>33,675,833</u>	<u>31,659,971</u>

Individual assets, and their market values at 31 March 2015, representing over 5% of the investment portfolio are as follows:

	£	£
BNP Linker Note on HSCEI, TAMSCI 03 Feb 2020	4,990,000	-
CS AutoCallable Note on UKX 30 Jan 2020	5,127,000	-
GS Linker - Call Note on SX5E RTY, 21 Nov 2019	4,231,643	-

**13. Debtors**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Other Debtors	162	-
Prepayments	14,528	16,721
Accrued Income	6,173	77,713
	<b>20,863</b>	<b>94,434</b>

**14. Short term investments**

	<b>2015</b>	<b>2014</b>
	<b>Cost</b>	<b>Cost</b>
	<b>£</b>	<b>£</b>
Lloyds TSB – Three Month Bond	2,846,997	500,000
Santander UK – 95 Day Notice	2,847,239	3,201,731
Barclays Bank Deposit	1,238,677	-
Barclays – Dealing Accounts	505,096	-
	<b>7,438,009</b>	<b>3,701,731</b>

**15. Creditors – Amounts falling due within one year**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Trade creditors	23,265	21,646
Grants payable	5,348,971	64,180
Taxation and Social Security Costs	0	10,263
Accruals	4,791	21,039
	<b>5,377,027</b>	<b>117,128</b>

**16. Creditors – Amounts falling due after one year**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Grants payable	4,169,958	0
	<b>4,169,958</b>	<b>0</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2015

## 17. Funds

	At 31 March 2014	Incoming Resources	Outgoing Resources	Transfers Gains/(losses)	At 31 March 2015
	£	£	£	£	£
Unrestricted Funds	96,794	336,454	(9,068,646)	9,068,646	433,248
Restricted Funds	0	5,109,253	(5,109,253)	0	0
Endowment Funds	41,616,820	35,739	(39,330)	(8,289,409)	33,323,820
<b>Total Funds</b>	<b>41,713,614</b>	<b>5,481,446</b>	<b>(14,217,229)</b>	<b>779,237</b>	<b>33,757,067</b>

## 18. Restricted Funds

	At 31 March 2014	Incoming Resources	Outgoing Resources	Transfers Gains/(losses)	At 31 March 2015
	£	£	£	£	£
Spirit of Glasgow	0	367,855	(367,855)	0	0
Spirit of Youth	0	3,089,273	(3,089,273)	0	0
Spirit of Achievement	0	783,642	(783,642)	0	0
Spirit of Volunteering	0	832,825	(832,825)	0	0
Spirit of Rio	0	35,658	(35,658)	0	0
	<b>0</b>	<b>5,109,253</b>	<b>(5,109,253)</b>	<b>0</b>	<b>0</b>

## 19. Endowment Funds

At 31 March 2014	Interest Receivable	Realised Gains	Unrealised Gains	Transfers	Investment Managers Fees	At 31 March 2015
£	£	£	£	£	£	£
<b>41,616,820</b>	<b>35,739</b>	<b>52,189</b>	<b>727,048</b>	<b>(9,068,647)</b>	<b>(39,330)</b>	<b>33,323,819</b>

**20. Net assets by Fund**

	<b>Fixed Assets</b>	<b>Net current Assets</b>	<b>Creditors &gt; 1 year</b>	<b>Net Assets</b>
	£	£	£	£
Unrestricted Funds	199,615	3,091,654	(2,858,021)	433,248
Restricted Funds	-	1,311,937	(1,311,937)	0
Endowment Funds	33,323,819			33,323,819
<b>Total Funds</b>	<b><u>33,523,434</u></b>	<b><u>4,403,591</u></b>	<b><u>(4,169,958)</u></b>	<b><u>33,757,067</u></b>

**21. Related Party Transactions**

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

**22. Corporate Trustee**

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

**23. Commitments Under Operating Leases**

As at 31 March 2015 Spirit had annual commitments under non cancellable operating leases as follows

	<b>Land and Buildings</b>	
	<b>2015</b>	<b>2014</b>
	£	£
Expiry Date		
Within one year	2,000	-
Between two and five years	37,762	45,647
	<b><u>39,762</u></b>	<b><u>45,647</u></b>

### **Background**

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

### **Function of the Protector**

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

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

The function of the Protector is therefore to ensure that the Trustee administers the charity properly and applies the charity's property in accordance with the Trust Deed. Spirit's property consists of a portfolio of investments and cash derived originally from an endowment of £40million from the Big Lottery Fund in December 2013, since which time further funds have been received, notably to fund the six *Keeping the Spirit Alive* projects which had been jointly awarded grant funding by the Big Lottery Fund and Spirit in September 2013.

### **Objects of the Charity**

The Objects of Spirit are the promotion of the following charitable purposes for the benefit of the public throughout the United Kingdom of Great Britain and Northern Ireland:

- the advancement of education of children and young people including, but not limited to, sporting and cultural activities by encouraging good citizenship;
- increasing the effectiveness and efficiency of the Voluntary Sector by encouraging members of the public to engage in activities to help others on a voluntary basis;
- the development of the capacity and skills of members of socially and economically or socially disadvantaged communities in such a way that they are better able to identify and help meet their own needs and to participate more fully in society; 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.

### **Administration of the Charity**

I have regularly attended meetings of the Board of the Trustee, the Finance and Investment Committee, the Audit and Risk Committee, and the Recruitment and Remuneration Committee. I have also met with the Chair, Chief Executive, and representatives of the Big Lottery Fund periodically, and as necessary, to review progress.

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

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

The initial terms of the first Directors of the Trustee came to an end during the period under review. I have been kept fully informed of, and been reassured by, the process of re-appointment and recruitment of Directors of the Trustee, including the use of an external search firm to help in the identification of suitable new candidates for appointment. While it was disappointing to lose three very experienced Directors, who did not seek re-appointment having assisted greatly with Spirit's establishment, the Board has been able as a result to go through a comprehensive exercise of identifying areas of experience and expertise where the Board could be strengthened. There is now a full complement of eleven serving Directors. I have noted the Board's plan to review its effectiveness in the autumn, once the revised Board has been in place for a few months, and periodically thereafter. I also plan to meet individually with members of the Board as appropriate.

### **The Executive Team**

Debbie Lye has continued to lead the Executive team effectively and efficiently. The small core team is now in place and seems very well equipped to carry out its functions, supported where necessary by access to external specialist expertise. The Executive team has provided strong support to the Board and the Committees enabling both to reach decisions based on the full and appropriate level of information provided. The preparation of a comprehensive Board Handbook has provided a further useful tool for the Board.

### **The Programmes**

The range and breadth of supported programmes and projects has developed in this first full year of operation as Spirit develops its work and influence, and makes its mark. One of the challenges for the Board is to demonstrate over time that the programmes that are being supported have the potential to achieve sustainable and permanent change. The work already undertaken in putting in place an external monitoring and evaluation process, the recent introduction of the Programme Evaluation Advisory Panel, and the developing role of the Youth Advisory Panel, with representation from all corners of the UK, provides compelling evidence of a commitment towards that aim.

### **Finance and Investment**

A full review of Spirit's investment policy was completed during the year following a tender process for the delivery of investment management services. The Board is cognisant of the requirement to take a prudent view of Spirit's investments alongside the importance of achieving a reasonable return to meet the funding requirements of the programmes, both committed and planned. The financial control reporting systems that have been developed provide appropriate comfort that the interests of the charity are being properly protected.

### **Summary**

In summary, the last year has seen significant progress as Spirit has moved from the planning and set up phase to the more active delivery of its various programmes. The signs remain encouraging and augur well for the period ahead.

**Jon Siddall**  
**Protector**  
**8 July 2015**