

Company number: 66421293

# 38 Degrees

Report and financial statements  
For the year ended 30 September 2018

## 38 Degrees

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#### For the year ended 30 September 2018

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Reference and administrative information

For the year ended 30 September 2018

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**Company number** 66421293

**Country of incorporation** United Kingdom

**Registered office and operational address**  
The Finsbury Business Centre  
40 Bowling Green Lane  
LONDON, EC1R 0NE

**Directors** Directors who served during the year and up to the date of this report were as follows:

Nick Anstead	
Ben Brandzel	resigned 5 July 2018
Andrea Cooper	resigned 14 July 2018
Ruth Davis	
Henry de Zoete	resigned 14 July 2018
Richard Lackmann	appointed 27 September 2018
Oluwabukola Obayiuwana	appointed 27 September 2018
Nicola Reindorp	
Srabani Sen (Chair)	appointed as Chair November 2017
Peter Tyson	

**Bankers** Triodos Bank  
Brunel House, 11 The Promenade  
BRISTOL  
BS8 3NN

Co-operative Bank  
1 Islington High Street  
LONDON  
N1 9TR

**Auditor** Sayer Vincent LLP  
Chartered Accountants and Statutory Auditor  
Invicta House, 108-114 Golden Lane  
LONDON, EC1Y 0TL

The directors present their report and the audited financial statements for the year ended 30 September 2018.

## Principal activities and review

### Aim and objectives

38 Degrees launched in May 2009 and is now one of the UK's biggest campaigning communities.

38 Degrees members share a desire for a fairer, better, more sustainable society, and come together to decide which issues we campaign on and the actions we'll take to help us achieve that.

Anyone can get involved with 38 Degrees. We're united by a set of shared values; to defend freedom and fairness, protect rights, promote peace, preserve the planet and deepen democracy.

38 Degrees aims to put power into people's hands. We aim to help strengthen democracy by giving 38 Degrees members a new way to be involved in politics. We want to be more than just voters and ensure our voices are heard all of the time, not just once every five years.

## Activities and performance

38 Degrees has had a successful year. We spent a total of £4,736,074. Our main activity in this period was campaigning, which cost £4,533,353. We also undertook fundraising work, which cost £110,192. Organisational governance cost £92,527. That means that 96% of expenditure went directly on our members' campaigns. For a full breakdown on our activities, please refer to note 3.

Campaigning work related to the following areas:

- Protect the NHS
- People-Powered Brexit (including Trade, Environment, Immigration)
- Campaigns by You and support for local campaigning
- Protect wildlife and the environment
- Protect public services
- Tackle UK poverty
- Member consultation to shape our campaigns
- Improving politics and democratic accountability
- Alliance Building
- Stop Rupert Murdoch
- Energy Switching

Our office team grew slightly, to reach 37 permanent staff. Additionally, we have continued our paid internship programme.

Notable activity in 2017–18 included:

#### Protect the NHS

38 Degrees members want an NHS which provides excellent healthcare to all. They have become very concerned about the negative impact which a sustained funding squeeze has had on waiting times and standards of care. Therefore in 2017–18 38 Degrees focused our efforts on campaigning for increases in the funding available to our NHS to halt this deterioration and improve care standards across the UK.

We did this in two ways. Firstly, 38 Degrees members highlighted the pressures that the NHS was under, and made sure that the politicians who set NHS funding levels were held accountable for the consequences of their decisions. This included, for example, crowd-funding leaflets and advertising campaigns in constituencies affected by the 2018 NHS winter crisis, encouraging local voters to contact their MP and call for improved NHS funding.

Secondly, 38 Degrees members made the case to government and MPs that an increase in NHS funding was affordable and popular with the British public. This included, for example, working with the Centre for Economics and Business Research (CEBR) to identify options for raising additional tax revenue to pay for a funding increase, and working with polling company YouGov to demonstrate public support for such a tax rise. 38 Degrees members used such research to conduct their own advocacy to local MPs, persuading increasing numbers to come out in favour of a funding increase.

In June 2018 prime minister Theresa May announced a significant increase in NHS funding for the next five years. This was followed by further commitments by chancellor Philip Hammond in October. Whilst at the lower end of what experts say is needed, this funding increase marked a significant shift in government policy. It will certainly improve the NHS's ability to provide high quality universal healthcare, as our members desire. We cannot claim sole responsibility for this change, but we are confident that our campaigning played an important role.

Alongside this major focus on increasing NHS funding, we have continued to challenge threats to the NHS's founding principles as a universal public service, supported local campaigns to protect services and challenged privatisation and malpractice by private health providers. Notable campaigns included pushing then Health Secretary Jeremy Hunt to rule out the idea of restricting visits to A&E (referencing the 38 Degrees petition when he did so); saving an NHS walk-in centre in Putnoe near Bedford; stopping proposals to cease to provide vasectomies on the NHS in Bath and North East Somerset; and a people-powered complaint to the Advertising Standards Authority about Pushdoctor, a private GP service which was largely upheld by the regulator.

#### People-powered Brexit

38 Degrees members voted both ways in the 2016 EU referendum, and 38 Degrees has never taken a pro- or anti- Brexit position. Instead, we have worked with our members across the Leave/Remain divide to give them a voice in the way that Brexit is implemented.

In the aftermath of the 2016 referendum, we developed a set of principles for how Brexit should be carried out, with the involvement of over 500,000 38 Degrees members. (<https://www.diybrexit.38degrees.org.uk/>). Since then we have run campaigns seeking to influence the post-Brexit legislative framework to reflect these principles.

Over 400,000 38 Degrees members participated in a campaign against the government gaining undemocratic "Henry VIII" powers to bypass parliament within the EU Withdrawal Bill. This included over 380,000 members signing a petition, and tens of thousands emailing, tweeting, or visiting their MP. We also submitted evidence to Select Committees. In December 2017, the government accepted amendments to the legislation, significantly addressing our concerns by introducing a cross-party sifting committee.

Over 500,000 38 Degrees members participated in a campaign to introduce a higher level of democratic scrutiny into the Trade Bill. As well as signing petitions and contacting MPs, members also crowdfunded expert legal advice to demonstrate how the draft legislation could be amended with safeguards. This advice proved influential, with the amendments tabled by Jonathan Djanogly MP, and in essence accepted by the government, significantly addressing 38 Degrees members' concerns.

Other notable campaigns were commenced in the 2017-18 period but have yet to conclude. These include seeking to influence major pieces of post Brexit legislation such as the Environment Bill, the Immigration Bill, and the Agriculture Bill.

38 Degrees members have acted alongside environmental NGOs in pressing for an Environment Bill which includes post-Brexit environmental protections which are at least as robust as those currently in place, and for a strong, independent post-Brexit environmental regulator. We have engaged with policy debate around the Immigration Bill to speak up for a post-Brexit system of managed immigration, which addresses the concerns of communities affected by immigration whilst also recognising the contribution immigration makes to Britain's public services and economy, and our responsibilities to offer sanctuary to refugees. We've responded to government consultations supporting a post-Brexit system of agricultural subsidies which supports sustainable farming and farmers.

In Scotland over 30,000 members took part in a campaign to ensure devolution was respected in the EU Withdrawal Bill and that Westminster did not take control of policy areas currently held by devolved government. This campaign generated a large amount of media coverage, significant levels of dialogue with Scottish Conservative MPs, and received several mentions on the floor of the house of Commons. The final approach to devolution within the EU Withdrawal Bill was agreed

to by the Welsh administration, and contained significantly fewer encroachments on devolution that were originally proposed. However, not all our concerns were addressed and the Scottish government still has several serious objections.

#### **Protect public services**

38 Degrees members want the UK's public services to be excellent and to serve the whole country well. In 2017–18 we got involved in several successful campaigns to protect and improve public services.

We worked with IPPR North to highlight and challenge a Westminster decision to scrap planned programmes of investment in upgrading transport infrastructure in the North of England. Over 100,000 38 Degrees members from affected parts of the country got involved in the campaign. The government was forced to respond, with Transport Minister Chris Grayling subsequently announcing £300 million of new investment in rail infrastructure in the North of England.

200,000 38 Degrees members took part in a campaign to save the "Pensions Dashboard", a planned new public service to make it easier for people to keep track of their different pension pots. New Work and Pensions Secretary Esther McVey was considering scrapping the scheme. We delivered a petition, contacted MPs and secured significant media coverage. Chancellor Philip Hammond confirmed the scheme would be going ahead, with government funding, in the October 2018 budget.

174,000 38 Degrees members got involved in a campaign, in partnership with charity Women's Aid, to defeat proposals to end funding for domestic violence refuges being provided via housing benefit.

Over 20,000 Scottish 38 Degrees members shared their views with their MSPs after First Minister Nicola Sturgeon called for a "grown up conversation" about using powers to vary income tax. We advocated for a more progressive tax system, with tax cuts for very low earners, and increases for wealthier Scots. In December 2017 the Scottish Government announced plans to make tax in Scotland fairer – cutting income tax for the lowest earners, increasing it for the richest, and raising £164 million more for public services.

#### **Protect the environment**

38 Degrees members made a significant impact over the course of the year on a number of campaigns aiming to tackle plastic pollution. We helped influence government policy, for example with our members contributing over 200,000 submissions to consultations on the question of plastic recycling, and the government then announcing plans to bring back a bottle deposit scheme. We have also influenced the behaviour of companies, with successful campaigns to persuade Unilever to remove plastics from PG Tips teabags and to persuade Pepsico to introduce a recycling scheme for Walkers Crisps packets.

## **38 Degrees**

### **Directors' annual report**

**For the year ended 30 September 2018**

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38 Degrees members also continued to take action to protect bees. In November 2017, Environment Secretary Michael Gove announced that the UK government was changing its position, to support the EU-wide ban on the use of neonicotinoid pesticides which harm bees. This came after years of campaigning by 38 Degrees members, including petitions, messages and visits to MPs, marches and stunts outside parliament. In spring 2018, 64,000 members took practical steps to address bee habitat loss, by planting bee friendly seeds in their gardens.

In addition over 200,000 38 Degrees members have got involved in a campaign, run in partnership with the Campaign to Protect Rural England, to oppose government plans to fast-track fracking by bypassing local planning rules.

### **Private Members Bills**

At the start of the 2017–18 parliamentary session in October 2017, 38 Degrees members voted to support 3 Private Members Bills being brought forward by backbench MPs. These Bills are opportunities for backbenchers to change the law independent of the government's programme, but often struggle to gain enough support to make it on to the statute book.

Over 150,000 38 Degrees members took part in campaigns in support of the Assaults on Emergency Workers (Offences) Bill tabled by Chris Bryant MP (Labour); Parental Bereavement (Leave and Pay) Bill tabled by Kevin Holinrake MP (Conservative); and the The Mental Health Units (Use of Force) Bill tabled by Steve Reed MP (Labour).

All three of these Bills successfully passed and have now become law. That means better protections for emergency service workers to discourage assaults; new safeguards around the use of force when dealing with people affected by mental health issues; and statutory time off for parents who have suffered the loss of a child. All three sponsoring MPs acknowledged the important role which 38 Degrees members played in encouraging their local MPs to back these Bills.

### **Stop Rupert Murdoch**

In June 2018, the government confirmed that Rupert Murdoch would not be allowed to take full control of Sky News. This was the culmination of years of campaigning, in which 38 Degrees members had played a full part. Hundreds of thousands of 38 Degrees members had signed petitions and open letters to successive Secretaries of State for Culture, made submissions to two different regulators (Ofcom and the Competition and Markets Authority), lobbied their local MPs, and crowdfunded expert research.



### **Reduce the harm caused by Fixed Odds Betting Terminals**

Over 130,000 38 Degrees members took part in a successful campaign to persuade the government to drastically reduce the maximum stake which could be placed on Fixed Odds Betting Terminals (FOBTs). These machines are widely considered to be one of the most harmful forms of gambling and disproportionately affect poorer and more vulnerable people. 38 Degrees members Sadie and Pete Keogh, whose son Lewis became addicted to gambling and took his own life, visited the minister in charge, Tracey Crouch MP, to share their story and deliver the petition signed by over 100,000 other members. Thousands of emails and tweets were sent to local MPs, and to cabinet ministers. The government announced plans to cut the maximum stake from £100 to £2 in May 2018, which will be enacted in April 2019.

### **Campaigns by You and support for local campaigning**

In 2017–18 38 Degrees supported local campaigning efforts on local issues all across the UK. Our Campaigns By You platform, backed up by a programme of support and advice to petition starters, hosted over 7700 petitions on a wide range of issues, ranging from: saving local NHS services; appealing unfair Home Office rulings and campaigning to get councils to go single use plastic free.

Notable local successes included saving Inverness Pride parade from an attempt to ban it, saving the NHS walk-in centre in Putnoe near Bedford and the NHS urgent care centre in Corby, and protecting beautiful Leith Hill in Surrey from becoming a new oil drilling site.

Notable, successful national campaigns included: supporting petition starter Karen Grey, whose son has severe epilepsy, with a campaign for medical cannabis to be made available in the UK; and supporting petition starter Geraint Ashcroft with his campaign for Walkers Crisps to make their packets recyclable.

38 Degrees has been proud to work with a large number of organisations over the years since our launch. These have included:

ActionAid, Adblock Bristol, The Alliance for Lobbying Transparency, Amnesty International, Antislavery International, Avaaz, Badger Trust, Berim, Better than Zero, Big Brother Watch, Big Sky, The Big Switch, Bite the Ballot, BOND, Born Free, Bring Back British Rail, Buglife, Bumblebee Conservation Trust, Campact, Campaign for Freedom of Information, Campaign for National Parks, Campaign to Protect Rural England, CAMRA, Children England, The Children's Society, Citizens UK, City to Sea, Clean Air Parent's Network, Coal Action Network, The Commission on Civil Society, Commission on Civil Society and Democratic Engagement, Compassion in World Farming, Consumer Association, The Countryside Alliance, Cromarty Rising, Disasters Emergency Committee, Doctors of the World, East End Sisters Uncut, Electoral Reform Society, End Child Poverty Coalition, End Unfair Evictions, Ethical Consumer Magazine, The Ferret, Fields in Trust, Friends of the Earth, Friends of the Earth Scotland, Full Fact, Get Glasgow Moving, Gingerbread, Global Justice Now, Global Justice Now Scotland, Greener UK, Greenpeace, Grenfell United, Hansard Society, Institute for Consumer Affairs, The Institute for Government, Institute of Ideas,

International Planned Parenthood Federation, IPPR North, Keep Our NHS Public, Liberty, Living Rent, London Beekeeping Association, The National Autistic Society, National Trust, New Economics Foundation, NHS Support Federation, NUJ, NUS, openDemocracy, Open Rights Group, Organise, Our Land, Oxfam, The Parks Alliance, People and Planet, Platform, Positive Money, Produce Events, Ramblers' Association, Reclaim the Power, Reclaiming our Futures Alliance, Refuge, Refugee Action, Reprieve, Robin Hood Tax Campaign, The Royal British Legion, The Royal College of General Practitioners, Royal Society for the Protection of Birds, RSPCA, Save Lewisham Hospital Campaign, Savvy, ShareAction, Social Liberal Forum, Spinwatch, Surfers Against Sewage, Tax Justice UK, Tripping Up Trump, UCL (University College London), Unlock Democracy, UKCE, Women's Aid, Wonderland Communications, The Woodland Trust, World Animal Protection, World Development Movement, WWF, 89up.

## Plans for the future

In these uncertain, high stakes times, 38 Degrees aims to be a practical, hopeful place where our members can come together to take actions that make a real difference. We want to be an organisation members can rely on, to respond to unpredictability and polarisation with nimbleness, inclusivity and impact – and to take a stand when it matters.

38 Degrees' agenda is set by 38 Degrees members, who take part in votes and surveys to decide our priorities and to choose our campaigns and the tactics we use to deliver them. Our campaigning choices over the next 12 months will be driven by our membership. With the current political situation unusually volatile and uncertain, our nimble, member-driven approach will be of particular value.

Subject to this volatility and the member consultation process, we anticipate that two major priorities for 2018–19 are likely to be:

- ensuring that the government honours its promises to increase NHS funding, and that the money is well spent, safeguarding it as a world class, universal public health service
- influencing Brexit, to ensure the UK pursues an approach to Brexit which is in line with our members' values, enhances democratic accountability, and helps heal some of the social and cultural divisions exposed during the referendum campaign.

Alongside these two major priorities we expect to run a wide range of campaigns which further our members' values of fairness, freedom, human rights, community, peace, sustainability, and democracy.

At the time of writing this report there is considerable uncertainty surrounding Brexit, and considerable political volatility. It is therefore particularly hard to say what our members' priorities will be after 29 March 2019, the date which Britain is currently expected to leave the EU. We anticipate therefore that in the Spring we will invest significant time in member consultation and strategic planning, as we adapt to a post-Brexit context.

38 Degrees will continue to invest in new technology to enable our members to engage with and influence their MPs. In 2017–18 we developed a new MP contact database to enable our members' communications with MPs to be better targeted. In 2018–19 we will introduce new features to this database, with the aim of providing our members with better information and more relevant facts to make their conversations with MPs as informed and influential as possible.

We will also maintain our focus on reducing political polarisation and acting as a "broad church" which involves people from a wide range of viewpoints. We will invest more time in understanding the underlying drivers of political polarisation and develop new approaches for tackling it. We will ensure we involve members from all parts of the UK and a diverse range of backgrounds in our campaigning. We will study organisations challenging polarisation in other countries, and seek to bring international best practice into the UK.

To realise all these ambitions, we'll need to increase our income. We were successful in growing our donations income by more than 20% over 2017–18, and will seek a similar rate of growth in 2018–19. A huge thank you to all of our donors over the past year. We have been able to rely on small donations from thousands of ordinary people since 2012 and we are eternally grateful. Those donations guarantee our independence and pay for campaigns that make the UK a better place.

We will seek a similar rate of growth in income in 2018–19. Since 38 Degrees is a not-for-profit entity we won't let our need for funds compromise our ethics or our independence: we'll continue with our policy of not taking any money from government, big business or political parties. That means we will continue to rely on the small donations across the UK. Our mission as an organisation will only be fulfilled if we deliver great campaigns which lots of people want to get involved with, and continue to keep the trust of our donors. For further details about our donations policy, please go to <https://home.38degrees.org.uk/about/donation-policy/>.

In addition, we will need to grow our staff team. As our staff team grows, we will ensure that we continue to be a good employer. This will include continuing our work on diversity and inclusion, to ensure that 38 Degrees is a welcoming place to work for people from all backgrounds and all parts of the UK, updating our HR policies in line with best practice, and investing in training and technology to enable our staff to be as effective as possible at serving our mission and our membership.

## Scope of this report

38 Degrees is committed to transparency and campaigns for other organisations to be more transparent. The information contained within this report therefore goes well beyond minimum statutory requirements. If you are a 38 Degrees member and there is other information which you would like to see in future financial statements, please contact us at [emailtheteam@38degrees.org.uk](mailto:emailtheteam@38degrees.org.uk)

## Responsibilities of the directors

The directors are responsible for preparing the directors' annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in operation.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Each of the directors confirms that to the best of his/her knowledge there is no information relevant to the audit of which the auditor is unaware. Each of the directors also confirms that he/she has taken all necessary steps to ensure that he/she is aware of all relevant audit information and that this information has been communicated to the auditor.

**38 Degrees**

**Directors' annual report**

**For the year ended 30 September 2018**

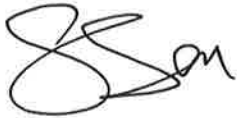
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## **Auditor**

Sayer Vincent LLP was re-appointed as the company's auditor during the year and has expressed its willingness to continue in that capacity.

The directors' annual report has been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

Approved by the directors on 1/2/2019 and signed on their behalf by



Srabani Sen  
Director

## Opinion

We have audited the financial statements of 38 Degrees (the 'company') for the year ended 30 September 2018 which comprise the profit and loss account, balance sheet, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the company's affairs as at 30 September 2018 and of its result for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006

## Basis for opinion

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

## Conclusions relating to going concern

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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company'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 financial statements are authorised for issue.

## Other information

The other information comprises the information included in the directors' annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other

## Independent auditor's report

To the members of

### 38 Degrees

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information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Opinions on other matters prescribed by the Companies Act 2006

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

- The information given in the directors' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements
- The directors' annual report has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' annual report.

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

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

## Responsibilities of directors

As explained more fully in the directors' responsibilities statement, set out in the directors' annual report, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors

## Independent auditor's report

To the members of

### 38 Degrees

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determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## Auditor's responsibilities for the audit of the financial statements

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Use of our report

This report is made solely to the company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Noelia Serrano (Senior statutory auditor)

6 February 2019

for and on behalf of Sayer Vincent LLP, Statutory Auditor  
Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL



## 38 Degrees

### Income and expenditure account

For the year ended 30 September 2018

			2018	2017
	Note	Restricted £	Unrestricted £	Total £
<b>Income</b>				
Donations	2	–	5,654,697	5,654,697
Bank interest		–	6,359	6,359
Energy switching income		–	1,303	1,303
Other		–	31,583	31,583
<b>Total income</b>		–	<b>5,693,942</b>	<b>5,693,942</b>
<b>Expenditure</b>	3			
Consultants' fees		–	25,156	25,156
Marketing		–	480,987	480,987
Website maintenance		–	264,729	264,729
Grant making	4	71,744	20,388	92,132
Campaign tactical expenditure		–	737,985	737,985
Office costs		–	508,683	508,683
Legal and finance		–	21,556	21,556
Depreciation and losses on disposals	5	–	11,699	11,699
Staff costs	6	–	1,954,883	1,954,883
Trading costs		–	17,665	17,665
Alliance building direct costs		–	82,020	82,020
Other costs		–	538,579	538,579
<b>Total expenditure</b>		<b>71,744</b>	<b>4,664,330</b>	<b>4,736,074</b>
<b>Surplus/(deficit) on ordinary activities before taxation</b>		<b>(71,744)</b>	<b>1,029,612</b>	<b>957,868</b>
Taxation	7	–	(4,100)	(4,100)
<b>Surplus/(deficit) on ordinary activities after taxation</b>		<b>(71,744)</b>	<b>1,025,512</b>	<b>953,768</b>
<b>Total funds brought forward</b>		<b>71,744</b>	<b>1,107,342</b>	<b>1,179,086</b>
<b>Total funds carried forward</b>		<b>–</b>	<b>2,132,854</b>	<b>2,132,854</b>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than the surplus or deficit for the year.

**38 Degrees****Balance sheet**


Company no. 6642193

**As at 30 September 2018**

	Note	£	2018 £	2017 £
<b>Tangible fixed assets</b>	8		9,796	7,834
<b>Current assets</b>				
Stock	9	42,940		-
Debtors	10	108,203		223,501
Cash at bank and in hand		<u>2,274,908</u>		<u>1,321,765</u>
		2,426,051		1,545,266
<b>Creditors: amounts due within one year</b>	11	<u>302,993</u>		<u>374,014</u>
<b>Net current assets</b>			<u>2,123,058</u>	<u>1,171,252</u>
<b>Net assets</b>			<u>2,132,854</u>	<u>1,179,086</u>
<b>Funds</b>	12			
Restricted funds			-	71,744
Unrestricted funds				
Innovation fund			135,174	135,174
General funds			<u>1,997,680</u>	<u>972,168</u>
<b>Total funds</b>			<u>2,132,854</u>	<u>1,179,086</u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

Approved by the directors on 1 / 2 / 2019 and signed on their behalf by



Srabani Sen – Chair

**1. Accounting policies**

- a) 38 Degrees Ltd is a company limited by guarantee and is incorporated in United Kingdom. The registered office address is The Finsbury Business Centre, 40 Bowling Green Lane, LONDON, EC1R 0NE.
- b) These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

The format of the income and expenditure account has been modified in order to give additional information on the activities of the company and the nature of the income that it receives.

- c) Depreciation is provided on all tangible assets to write each asset down to its estimated residual value evenly over its expected useful life. The depreciation rates in use are as follows:

Website development costs	3 years
Computer equipment	3 years
Fixtures and fittings	3 years
Leasehold improvements	3 years

Items of equipment are capitalised where the purchase price exceeds £2,000.

- d) Income received by way of donations and grants and is included in full income when the amounts are receivable. Income is deferred if it has been received but relates to a specific future period or is dependent upon conditions to be fulfilled by the company.
- e) Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the profit or loss for the period.
- f) Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund together with a fair allocation of management and support costs.
- g) Designated funds includes the innovation fund, which are funds earmarked by the directors for particular purposes.
- h) General funds are set aside in reserve to give 38 Degrees financial resilience in case of a short-term drop in donations or the need to spend more on campaigns.
- i) Expenditure is allocated to activities based on the estimated amount of staff time spent on an activity. The proportions calculated were: Campaigning – 96% Fundraising – 2% Governance – 2%.
- j) Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.
- k) Short term trade creditors are measured at the transaction price. Other financial liabilities are measured at fair value.
- l) Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

## 1. Accounting policies (continued)

- m) The company makes contributions into employees' personal pension schemes where applicable. The pension cost charge represents contributions payable under the terms of the employees' contracts. The company has no pension liabilities other than for the payment of those contributions.
- n) Rentals payable under operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are charged to the statement of financial activities on a straight line basis over the minimum lease term.

## 2. Donations

38 Degrees relies on donations for its income. To maintain our independence we do not accept money from government, big business or political parties. In this period, we received £5,654,697 in donations. £3,051,622 was donated by monthly direct debit, from 34,869 donors. £2,603,075 was given through one-off donations, comprising 310,220 donations from 141,617 donors, with an average donation of £8.39.

We are committed to transparency in donations and publish details of any donors whose contribution totals over £7,500 within the accounting period. During the year 38 Degrees received £10,000 from Lewis Gorjanc.

Our energy switching income came from commission received during our Big Switch campaign. This campaign aims to challenge poor behaviour and high prices from the "Big Six" energy companies, by collectively switching to smaller, greener suppliers. This campaign was run in collaboration with the Big Deal. Further information can be found here: <https://home.38degrees.org.uk/the-big-switch-help-page/>

Additionally, 38 Degrees received income from two other projects including the sale of Christmas cards and a series of evenings of inspiring talks, and opportunities to think about how we might influence politics and make the changes we want to see in our communities.

## 3. Expenditure

Since the organisation became fully operational, the activities have been focussed on campaigning activity, most of which is conducted through technology. The expenditure for the year to 30 September 2018 has been analysed as follows:

	Campaigning £	Fundraising £	Governance £	2018 Total £	2017 Total £
Consultants' fees	24,150	503	503	25,156	19,988
Marketing	461,747	9,620	9,620	480,987	995,300
Website maintenance	254,139	5,295	5,295	264,729	341,585
Grant Making	92,132	–	–	92,132	97,071
Campaign tactical expenditure	708,465	14,760	14,760	737,985	1,430,309
Office costs	488,335	10,174	10,174	508,683	443,636
Legal and finance	20,694	431	431	21,556	19,197
Depreciation	11,231	234	234	11,699	34,453
Staff costs	1,876,687	39,098	39,098	1,954,883	1,683,717
Trading costs	–	17,665	–	17,665	23,730
Alliance building direct costs	78,738	1,641	1,641	82,020	117,909
Other costs	517,035	10,772	10,772	538,579	529,595
	<b>4,533,353</b>	<b>110,193</b>	<b>92,528</b>	<b>4,736,074</b>	<b>5,736,490</b>

**3. Expenditure (continued)**

Campaigning expenditure related to the following activities:	2018 £	2017 £
Protect the NHS	1,086,116	778,848
People-Powered Brexit (including Trade, Environment, Immigration)	944,449	432,336
Campaigns By You and support for local campaigning	708,336	494,849
Protect wildlife and the environment	708,336	242,620
Protect public services	377,779	322,107
Tackle UK poverty	283,335	273,682
Stop Rupert Murdoch	94,445	247,316
Alliance building	94,445	174,861
Improving politics and democratic accountability	94,445	172,795
Member consultation to shape our campaigns	94,445	170,437
Energy Switching	47,222	81,794
Use your vote Election 2017	–	787,816
Campaign wide	–	536,273
Save Britain's Bees	–	377,568
Fair international trade deals	–	193,919
Stop Fracking	–	92,360
Energy Price Cap	–	46,372
Safer gambling	–	42,179
Stop TTIP	–	20,000
	<b>4,533,353</b>	<b>5,488,132</b>

**4. Funds granted to other entities**

During the year 38 Degrees granted a total of £20,388 to several organisations. Many of the grants supported campaigns started by 38 Degrees members on our Campaigns By You platform. Organisations who received grants included Bail for Immigration Detainees, Joint Council for the Welfare of Immigrants, Stop Climate Chaos Scotland, Trump Baby, black.girl.tech, and the Young Centre for Immigrant Children's Rights.

38 Degrees has also granted Citizens UK £71,144 of our remaining restricted funding to support Safe Passage, a project which supports unaccompanied child refugees on their arrival in the UK, as well as advocating for their rights and those of other new arrivals.

**5. Surplus/(deficit) on ordinary activities**

This is stated after charging / crediting:

	2018 £	2017 £
Depreciation	11,699	34,453
Directors' remuneration	Nil	Nil
Directors' reimbursed expenses	18,110	4,152
Gains on disposal of assets	4,330	Nil
Auditors' remuneration:		
▪ Statutory audit	6,500	6,200
▪ Other services	975	900

### 38 Degrees

#### Notes to the financial statements

For the year ended 30 September 2018

#### 6. Staff costs

	2018 £	2017 £
Salaries and wages	1,696,890	1,473,662
Social security costs	178,561	154,827
Pension contributions	79,432	55,228
	<u>1,954,883</u>	<u>1,683,717</u>

This year, 38 Degrees spent £1,954,883 (2017: £1,683,717) on staff remuneration. This increase was down to a combination of factors, the most significant of which were: increases in headcount; bringing in-house tech and web services for which we had previously paid external companies; an increase in the London Living Wage; and performance-related salary increases for some staff.

The average salary was £41,598 (2017: £38,000). Some staff work part-time, therefore we have grossed up all salaries in order to calculate this average salary figure. The ratio between the highest and lowest paid was 3.1 to 1 (2017: 3.0 to 1). The highest salary was £75,000 and the highest paid member of staff was the Executive Director. In 2013 we launched the paid internship programme: paid interns are remunerated a salary which uses the London Living Wage as a minimum baseline.

#### Gender pay gap:

38 Degrees supports campaigns for companies to report on the gap between male and female pay. At 38 Degrees women on average currently earn £922 more than men.

#### 7. Taxation

The majority of 38 Degrees' activities are funded by donations and so not subject to corporation tax. Corporation tax is payable on the surplus generated from trading activities and bank interest earned. This year our trading activity has decreased.

	2018 £	2017 £
UK corporation tax for 2018 at 19% (2017 at 20%)	<u>4,100</u>	<u>51,958</u>

#### 8. Tangible fixed assets

	Improvements to leasehold £	Fixtures and Fittings £	Website development £	Computer equipment £	Totals £
<b>Cost</b>					
At the start of the year	31,791	22,014	58,296	55,483	167,584
Additions in year	-	9,261	-	4,400	13,661
Disposals in year	-	(5,415)	-	-	(5,415)
At the end of the year	<u>31,791</u>	<u>25,860</u>	<u>58,296</u>	<u>59,883</u>	<u>175,830</u>
<b>Depreciation</b>					
At the start of the year	30,025	20,581	57,095	52,049	159,750
Charge for the year	1,766	4,070	1,201	4,662	11,699
Disposal in year	-	(5,415)	-	-	(5,415)
At the end of the year	<u>31,791</u>	<u>19,236</u>	<u>58,296</u>	<u>56,711</u>	<u>166,034</u>
<b>Net book value</b>					
At the end of the year	<u>-</u>	<u>6,624</u>	<u>-</u>	<u>3,172</u>	<u>9,796</u>
At the start of the year	<u>1,766</u>	<u>1,433</u>	<u>1,201</u>	<u>3,434</u>	<u>7,834</u>

<b>9. Stock</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Merchandise	42,940	-
	<u>42,940</u>	<u>-</u>
<b>10. Debtors</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Deposits paid	26,508	54,959
Prepayments and accrued income	78,398	158,228
Other debtors	3,297	10,314
	<u>108,203</u>	<u>223,501</u>
<b>11. Creditors : amounts due within one year</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Trade creditors	199,575	228,446
Accruals	38,593	9,600
Credit cards	-	10,918
Tax and social security	57,547	117,755
Pension creditor	7,278	7,295
	<u>302,993</u>	<u>374,014</u>

**12a Movements in funds (2017-18)**

	At the start of the year £	Incoming and gains £	Expenditure and losses £	At the end of the year £
<b>Restricted funds:</b>				
Refugees	71,744	-	(71,744)	-
<b>Total restricted funds</b>	<u>71,744</u>	<u>-</u>	<u>(71,744)</u>	<u>-</u>
<b>Unrestricted funds:</b>				
<i>Designated funds:</i>				
Innovation fund	135,174	-	-	135,174
<b>General funds</b>	<u>972,168</u>	<u>5,693,942</u>	<u>(4,668,430)</u>	<u>1,997,680</u>
<b>Total unrestricted funds</b>	<u>1,107,342</u>	<u>5,693,942</u>	<u>(4,668,430)</u>	<u>2,132,854</u>
<b>Total funds including</b>	<u>1,179,086</u>	<u>5,693,942</u>	<u>(4,740,174)</u>	<u>2,132,854</u>

## 12b Movements in funds (2016–17)

	At the start of the year £	Income and gains £	Expenditure and losses £	At the end of the year £
<b>Restricted funds:</b>				
Refugees	71,744	–	–	71,744
TTIP Open	4,672	–	(4,672)	–
<b>Total restricted funds</b>	<b>76,416</b>	<b>–</b>	<b>(4,672)</b>	<b>71,744</b>
<b>Unrestricted funds:</b>				
<i>Designated funds:</i>				
Innovation fund	135,174	–	–	135,174
<b>General funds</b>	<b>1,842,264</b>	<b>4,913,680</b>	<b>(5,783,776)</b>	<b>972,168</b>
<b>Total unrestricted funds</b>	<b>1,977,438</b>	<b>4,913,680</b>	<b>(5,783,776)</b>	<b>1,107,342</b>
<b>Total funds including</b>	<b>2,053,854</b>	<b>4,913,680</b>	<b>(5,788,448)</b>	<b>1,179,086</b>

## 12. Movements in funds (continued)

**Purposes of restricted funds**

Restricted funds are donations received by 38 Degrees which are paid out as grants to support particular activities, as detailed by the name of the fund.

**Purposes of designated funds**

Innovation fund – these funds are held to give us the capacity to innovate through capital investment, for example in new pieces of technology. There was no movement in the fund during the year.

**Purposes of general funds**

The general fund is the money set aside in reserve to give 38 Degrees financial resilience. Holding general funds in reserve safeguards our independence of action and gives us stability in the case of any unexpected events which could impact our income. In 2016–17 we reduced our reserves by spending on campaigning activity. This year we aimed to increase them in order to give 38 Degrees greater resilience and safeguard our financial independence. In 2018–19 we are not aiming to increase them further.



**13. Related party transactions**

In 2017–18 one of the directors of 38 Degrees, Ben Brandzel, was also the founder and director of OPEN (Online Progressive Engagement Network). 38 Degrees is a member of OPEN and works collaboratively with them, including incurring UK based costs on behalf of OPEN and recharging this as well as making a financial contribution to the organisation for development opportunities.

During the year 38 Degrees incurred £14,149 (2017: £3,180) of expenditure on behalf of OPEN which was recharged to them. 38 Degrees is also expected to make a contribution of £45,452 (2017: £49,408) towards OPEN for the current year. The balance outstanding at the year end is £31,303.

Ben absented himself from any discussions or decisions relating to 38 Degrees' partnership with OPEN, in accordance with our Conflict of Interest policy.

Further information about OPEN can be found here <http://www.the-open.net/>.

In 2017–18 one of the directors of 38 Degrees, Henry De Zoete, was also the founder and CEO of The Big Deal, a company which combines industry expertise with a commitment to people–power and consumer rights. 38 Degrees works with The Big Deal in a contracted partnership for our energy switching campaign.

The decision to partner with The Big Deal was taken prior to Henry joining the board.

Henry absented himself from any discussions or decisions relating to 38 Degrees' partnership with The Big Deal, in accordance with our Conflict of Interest policy.

Further information about the Big Deal can be found here <http://www.thebigdeal.com>