

Company number: 06642193

38 Degrees

Report and financial statements
For the year ended 30 September 2019

38 Degrees

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For the year ended 30 September 2019

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38 Degrees

Reference and administrative information

For the year ended 30 September 2019

Company number	06642193
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 resigned 30 August 2019 Ruth Davis resigned 19 July 2019 Richard Lackmann Oluwabukola Obayiuwana Nicola Reindorp resigned 24 April 2019 Srabani Sen (Chair) Chair Peter Tyson Zoe Laycock appointed 18 July 2019
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

38 Degrees

Directors' annual report

For the year ended 30 September 2019

The directors present their report and the audited financial statements for the year ended 30 September 2019.

Principal activities and review

Aim and objectives

38 Degrees launched in May 2009 and is now one of the UK's biggest campaigning communities. Anyone can get involved with 38 Degrees. Our members are united by a set of shared values; to defend fairness, protect rights, promote peace, preserve the planet and deepen democracy. In the space of a week, millions of members could be campaigning on anything from protecting our NHS and stopping cuts to Universal Credit, to saving local libraries.

An unusual but core characteristic of 38 Degrees is the extent to which we are member-driven in our decision-making. We think this is a wonderful and powerful principle. It has been key to our success as an inclusive, mainstream organisation which brings millions of people together. Many of our most famous victories wouldn't have happened without our member-driven approach.

38 Degrees is fiercely independent. We don't take donations from political parties, or big donors. We run on hundreds of thousands of small donations from the public. This independence means we never have to hold ourselves back from taking on those with power and can truly listen to our members.

Activities and performance

38 Degrees has had a successful year campaigning on behalf of our members. We spent a total of £5,546,199 and ended the year with a £26,367 surplus. At 30th September 2019 our membership base totalled 2,444,713. All our funding comes from small donations from our members. This allows us to maintain our independence, and we could not be more grateful for the support we receive.

Our main activity in this period was campaigning, with the greatest focus on the following issues:

- Protect the NHS
- No to No-Deal Brexit
- Ensuring proper scrutiny of trade deals
- Saving the Bees
- Pushing local councils to demand a climate emergency
- Demanding beer manufacturers to give up plastic rings on beer cans
- Demanding that Network Rail pay Mitie cleaners the living wage
- Protecting renters
- Climate crisis
- Stopping library closures
- Demanding cancellation of the Jeremy Kyle show

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Directors' annual report

For the year ended 30 September 2019

- Plastic free schools need plastic free periods

This year we started assessing campaign impact more rigorously so we can understand as clearly as possible which factors drive our most successful campaigns, and how to best distil and learn from campaigns that have the biggest impact.

Our team grew slightly in the 2018/2019 year to 42 members of staff, including paid interns. We invested in growing our operations team to ensure our campaigns teams are supported to do their jobs in the most effective and efficient way.

During the course of the 2018/2019 year issues around the conduct of the Executive Director were raised which led to his dismissal in March. Based on additional allegations made it was incumbent upon us as an organisation to investigate the claims thoroughly and fully, looking at all allegations raised as well the governance of the organisation. For this purpose an experienced, independent investigator was commissioned. The outcomes of this investigation have since been made public, including detail on activities and actions that have been implemented as a result to ensure that 38 Degrees is a stronger organisation. The cost of this independent investigation was £45,116.

2018/19 CAMPAIGN HIGHLIGHTS

NHS funding

Back in 2018, the government promised a much-needed funding settlement for the NHS after 38 Degrees large scale campaign, along with others, helped showcase the extent of the crisis in funding in our hospitals.

Now, our members are worried about private companies involvement in our NHS. We worked with NHS England to prove that the public expected competition law changes – to stop the NHS from having to put well-run services out to tender. 180,000 thousand of us took part in NHS England's consultation on the issue – the biggest consultation response in 38 Degrees' history.

Declare a Climate Emergency

Alongside our national push to protect our environment, thousands of 38 Degrees members got involved locally. Pushing their local councils to declare a climate emergency, and for that to impact future council decisions. Successful campaigns happened in Newcastle, Pembrokeshire, the highlands, Derbyshire and more.

No to No Deal Brexit

38 Degrees kicked off a significant campaign against a no-deal Brexit in 2019. 38 Degrees members had a diverse range of views on Brexit, but are united in their opposition to the real life cost of a no-deal exit: medicine shortages, the impact of a trade deal with America on our NHS, the loss of manufacturing jobs, the livelihoods of British farmers and our food standards. We wanted to use people power to urge MPs to reject no-deal during crunch votes in early Autumn. We highlighted the cost of no-deal in a huge social advertising push – reaching more than a million people in 30 target seats, splashing the front pages of local newspapers, taking adverts in national papers and enabling more than 268,000 people to contact their MP directly with their concerns. In total, more than 360,000 individual members of the public took part in the campaign which raised more than half a million pounds. The Benn Bill (to legislate for an extension of Article 50) passed, with 20+ Conservatives. 13 of the 30 MPs we focused on during this campaign, voted against the government.

Trade

With the UK outside of the EU, the UK government now has the right to negotiate trade deals that could affect many things we hold dear, from our NHS to the quality of the food on our plates and the livelihoods of working people. In September 2018, 38 Degrees coordinated a massive response to the Department for International Trade's consultation on future trade deals. More than 143,022 38 Degrees members took part, calling for the government to take the NHS off the negotiating table. It was one of the government's largest consultations in recent history. 38 Degrees staff members also went to the Department discuss our members' concerns with officials face to face. The government directly responded to our concerns in their consultation summary, issuing warm words but not going so far to commit to legal safeguards: *"We are committed to an open and transparent approach to trade negotiations and the British people should be assured that we are listening to the widest range of views....and we have been clear as part of this process we will not be lowering food standards and the NHS is not for sale."*

Campaigns By You

Our Campaigns By You platform, backed up by a programme of support and advice to petition starters, hosted over 6,000 new petitions on a wide range of issues, alongside thousands of ongoing campaigns. From stopping hospital closures, to changing the law to protect renters, to tackling the climate crisis, we support thousands of people every year who want to create meaningful change in the UK.

Stopping library closures

38 Degrees member Bry and 11,000 people across the country managed to persuade Essex County Council to reverse their decision to close up to 44 libraries.

Mitie minimum wage

Working in partnership with RMT union, 80,000 members of 38 Degrees managed to [secure the real living wage for thousands of cleaners working Britain's biggest railways](#). The campaign started with a petition, but then rolled onto actions where thousands of us emailed Mitie the company in charge, volunteers handed out leaflets at stations. Eventually the bosses of Mitie asked for a meeting so prepped up mobile billboard vans and newspapers adverts ready to hit the streets on the morning of the meeting. But just beforehand they backed down and announced that they would pay the cleaners the real living wage.

No more plastic rings

[Ditch plastic rings on beer and cider cans](#) was a campaign to get 3 of Britain's biggest beer companies (Carling, Strongbow and Tennent's) to ditch plastic rings that keep cans together and switch to an eco friendly alternative such as a paper sleeve or recyclable glue. The petition was created and led by 38 Degrees member Geraint who had previously taken on Walkers crisps and got them to introduce the UK's first crisp packet recycling scheme.

The petition attracted over 219,000 signatures. 38 Degrees members sent over 35,000 emails to the UK's big 4 supermarkets urging them to pressure the beer and cider companies along with 4000 tweets.

38 Degrees members raised over £6500 which enabled us to run adverts in local press and commission a YouGov poll.

Thousands of people messaged on Carling, Strongbow and Tennent's facebook posts.

Strongbow, Carling and Tennent's have all now pledged to ditch plastic beer and cider rings by 2021!.

Plans for the future

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.

At the time of writing the country is in the midst of the coronavirus pandemic, meaning there is a great deal of uncertainty about the year ahead. We are currently meeting that uncertainty with a concerted campaigning focus on the future of the NHS and welfare issues related to the Covid19 and its effects.

We will continue to work hard on ensuring that the government honours its election promises, especially to those areas of the country to whom significant promises were made, and whose votes provided the Government with a majority. We have been ramping up pressure on the government to follow through with their promises: including liaising with MPs from all parties, running large scale advertising campaigns and enabling the majority of the public who don't want to see our NHS or food standards on the negotiating table, to have their voices heard.

The decisions made this year, particularly during and as a result of the Covid19 pandemic, will affect the country for decades, so it is as crucial as ever that people have a means to make their voices heard. 38 Degrees provides that platform and will do all we can to ensure people know it is there, know how to use it, and that we support everyone using it to make their campaigning work as effective as possible.

Alongside these 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.

We will set a new 5 year vision and strategy in 2020 to ensure maintain our relevance, represent our membership, and grow and prove our impact in the best possible way.

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

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

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Directors' annual report

For the year ended 30 September 2019

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.

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 23 April 2020 and signed on their behalf by

Srabani Sen
Director

Independent auditor's report

To the members of

38 Degrees

Opinion

We have audited the financial statements of 38 Degrees (the 'company') for the year ended 30 September 2019 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 2019 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

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

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. 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)

DATE

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 2019

		2019	2018
		Total	Total
	Note	£	£
Income			
Donations	2	5,541,682	5,654,697
Bank interest		7,301	6,359
Partnership schemes		11,736	1,303
Other		8,847	31,583
Total income		<u>5,569,566</u>	<u>5,693,942</u>
Expenditure	3		
Consultants' fees		93,499	25,156
Marketing		224,873	100,427
Website maintenance		335,834	264,729
Grant making	4	49,944	92,132
Campaign tactical expenditure		1,379,728	1,345,401
Office costs		652,613	508,683
Legal and finance		346,625	269,285
Depreciation and losses on disposals	5	6,565	11,699
Staff costs	6	2,121,779	1,954,883
Trading costs		44,184	17,665
Alliance building direct costs		76,265	82,020
Other costs		214,290	63,994
Total expenditure		<u>5,546,199</u>	<u>4,736,074</u>
Surplus on ordinary activities before taxation		23,367	957,868
Taxation	7	<u>-</u>	<u>(4,100)</u>
Surplus on ordinary activities after taxation		23,367	953,768
Total funds brought forward		<u>2,132,854</u>	<u>1,179,086</u>
Total funds carried forward		<u>2,156,221</u>	<u>2,132,854</u>

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 2019

	Note	£	2019 £	2018 £
Tangible fixed assets	8		3,231	9,796
Current assets				
Stock	9	-		42,940
Debtors	10	95,292		108,203
Cash at bank and in hand		<u>2,346,553</u>		<u>2,274,908</u>
		2,441,845		2,426,051
Creditors: amounts due within one year	11	<u>288,855</u>		<u>302,993</u>
Net current assets			<u>2,152,990</u>	<u>2,123,058</u>
Net assets			<u>2,156,221</u>	<u>2,132,854</u>
Funds	12			
Unrestricted funds				
Innovation fund			135,174	135,174
General funds			<u>2,021,047</u>	<u>1,997,680</u>
Total funds			<u>2,156,221</u>	<u>2,132,854</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 23 April 2020 and signed on their behalf by

Srabani Sen – Chair

1. Accounting policies

- a) 38 Degrees Ltd is a private 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
Cycle scheme bikes	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) Designated funds includes the innovation fund, which are funds earmarked by the directors for particular purposes.
- g) 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.
- h) Expenditure is allocated to activities based on actual costs incurred. The proportions calculated were: Campaigning and Fundraising 90.5%, Support team 6.2%, Governance 3.3%.
- i) 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.
- j) Short term trade creditors are measured at the transaction price. Other financial liabilities are measured at fair value.
- k) 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)

- l) 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.
- m) 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 £5,541,682 in donations. £3,142,772 was donated by monthly direct debit, from 32,960 donors. £2,398,910 was given through one-off donations, comprising 266,598 donations from 120,350 donors, with an average donation of £8.73.

We are committed to transparency in donations and publish details of any donors whose contribution totals over £7,500 within the accounting period.

Our partnership schemes 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 other income from the sale of Christmas cards. The sale of Christmas cards was a discontinued activity at the end of 2018.

3. Expenditure

Expenditure is allocated to activities based on actual costs incurred. The expenditure for the year to 30 September 2019 has been analysed as follows:

	2019		2018	
	£	%	£	%
Campaigning & Fundraising	5,016,948	90.5%	4,414,080	93.2%
Support team	346,022	6.2%	251,181	5.3%
Governance	183,229	3.3%	70,813	1.5%
	5,546,199	100.0%	4,736,074	100.0%

Campaigning and Fundraising costs; 38 Degrees monitors expenditure very closely so that we can maximise the amount of donations that go directly to campaigns. In the current year 90.4% of expenditure was attributed to campaigning and fundraising. This money paid for activities such as: media advertising for specific campaigns, the wages of campaigners, campaign research and expert policy advice, staff time spent on fundraising and some fundraising research. It also included the wages of tech staff and the building and maintenance of tech platforms.

3. Expenditure (continued)

Support team costs; 38 Degrees has a small support team that works closely with our campaigning team. They are the team that ensure the health and well-being of our staff and keep the office functioning. They provide vital support in areas such as finance, HR, administration and daily operations.

Governance costs; this includes things like audit and legal fees. Plus other costs relating to the board of directors, who play an important role in holding the organisation to account and helping set our political strategy. In the current year our governance costs were slightly above 3%, which reflects the additional legal fees associated with the independent investigation commissioned by the Board. There were also some fees associated with the recruitment of new directors. In future years, it is expected that governance costs will return to the long-term average of 2%.

4. Funds granted to other entities

During the year 38 Degrees granted a total of £49,944 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 Hope Not Hate, TellMama, The Climate Coalition, Coal Action Network, UK Student Climate Network, Not Coul.

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

ActionAid, Act Now, Adblock Bristol, Alliance for Inclusive Education (ALLFIE), 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, Inquest, 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, Possible, Pregnant Then Screwed, 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, Safe Passage, Savvy, Share Action, 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, Zacchaeus 2000 Trust (Z2K), 89up.

5. Surplus/(deficit) on ordinary activities

This is stated after charging / crediting:

	2019 £	2018 £
Depreciation	6,565	11,699
Directors' remuneration	Nil	Nil
Directors' reimbursed expenses	1,113	18,110
Gains on disposal of assets	Nil	4,330
Auditors' remuneration:		
▪ Statutory audit	7,000	6,500
▪ Other services	1,000	975
	<u>1,000</u>	<u>975</u>

6. Staff costs

	2019 £	2018 £
Salaries and wages	1,811,631	1,696,890
Social security costs	197,061	178,561
Pension contributions	113,087	79,432
	<u>2,121,779</u>	<u>1,954,883</u>

This year, 38 Degrees spent £2,121,779 (2018: £1,954,883) 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 £45,626 (2018: £41,598). Some staff work part-time, therefore we have grossed up all salaries in order to calculate this average salary figure. The highest paid member of staff was a Campaigns Director, who received a total of £97,250 for a combination of salary, bonus, and a one off payment to compensate for the cancellation of an agreed sabbatical due to organisational demands during 2019. The ratio between the highest and lowest paid was 3.7 to 1 (2018: 3.1 to 1), based on total remuneration figures. When the calculation includes only base salaries (including bonus, but not including one off payments), the ratio is 3 to 1.

We continued our successful paid internship programme this year which had an intake of 5. Their salary uses the London Living Wage as a minimum baseline.

The average number of employees (head count based on staff employed) during the year was 41.8 (2018: 41.0)

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 £382 more than men (2018: women earned £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.

	2019 £	2018 £
UK corporation tax for 2019 at 19% (2018 at 19%)	<u>-</u>	<u>4,100</u>

8. Tangible fixed assets

	Improvements to leasehold £	Fixtures and Fittings £	Website development £	Computer equipment £	Cycle Scheme Bikes £	Totals £
Cost						
At the start of the year	31,791	23,499	58,296	59,883	2,361	175,830
Additions in year	-	-	-	-	-	-
Disposals in year	-	-	-	(55,483)	(2,361)	(55,483)
At the end of the year	31,791	23,499	58,296	4,399	-	117,985
Depreciation						
At the start of the year	31,791	18,274	58,296	56,711	962	166,034
Charge for the year	-	2,825	-	2,341	1,399	6,565
Disposal in year	-	-	-	(55,483)	(2,361)	(55,483)
At the end of the year	31,791	21,099	58,296	3,569	-	114,755
Net book value						
At the end of the year	-	2,400	-	831	-	3,231
At the start of the year	-	5,225	-	3,172	1,399	9,796

9. Stock	2019 £	2018 £
Merchandise	-	42,940
	-	42,940

10. Debtors	2019 £	2018 £
Deposits paid	27,752	26,508
Prepayments and accrued income	67,205	78,398
Other debtors	336	3,297
	95,292	108,203

11. Creditors : amounts due within one year	2019 £	2018 £
Trade creditors	191,188	199,575
Accruals	13,589	38,593
Tax and social security	66,426	57,547
Pension creditor	17,653	7,278
	288,855	302,993

12a Movements in funds (2018-19)

	At the start £	Income and £	Expenditure £	At the end of £
Unrestricted funds:				-
<i>Designated funds:</i>				
Innovation fund	135,174	-	-	135,174
General funds	1,997,680	5,569,566	(5,546,199)	2,021,047
Total unrestricted funds	2,132,854	5,569,566	(5,546,199)	2,156,221
Total funds	2,132,854	5,569,566	(5,546,199)	2,156,221

12b Movements in funds (2017–18)

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

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 2018/9 our reserves were maintained and grew slightly. In the year ahead we aim to reduce our reserves by spending on campaigning activities, with a clear goal that we will not allow them to drop below 6 months of usual monthly campaigning and operating costs.

13. Related party transactions

There were no related party transactions to declare for the 2018/2019 year.

In 2017/2018 one of the directors of 38 Degrees, Ben Brandzel, was also the founder and director of OPEN (Online Progressive Engagement Network). Mr Brandzel resigned from the 38 Degrees Board during the 2017/2018 year.

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. Further information about OPEN can be found here <http://www.the-open.net/>. During the 2018/2019 year 38 Degrees incurred £9,174 (2017/2018: £14,149) of expenditure on behalf of OPEN which was recharged to them. 38 Degrees is also expected to make a contribution of £45,452 (2017/2018: £49,408) towards OPEN for the current year.

In the 2017/2018 year 38 Degrees worked with The Big Deal in a contracted partnership for our energy switching campaign in the 2017/2018 year. Board member Mr 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. 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. The Big Deal program was not active during the 2018/2019 year and Mr De Zoete resigned from the Board during the 2017/2018 year.