

Company number: 06642193

38 Degrees

Report and financial statements
For the year ended 30 September 2020



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38 Degrees

Contents

For the year ended 30 September 2020

Reference and administrative details	1
Directors' annual report	2
Independent auditor's report	8
Statement of financial activities (incorporating an income and expenditure account)	11
Balance sheet	12
Notes to the financial statements	13

38 Degrees

Reference and administrative details

For the year ended 30 September 2020

Company number 06642193

Country of incorporation United Kingdom

Registered office First Floor
10 Queen Street Place
London, EC4R 1BE

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

Richard Lackmann	
Zoe Laycock	resigned 20 November 2020
Oluwabukola Obayiuwana	
Srabani Sen	resigned 16 June 2020
Peter Tyson	
Ellie Ezeria	appointed 23 April 2020
Sarah Sternberg	appointed 23 April 2020
Sue Tibbals (Chair)	appointed 23 April 2020
Devin O'Shaunessey	appointed 15 July 2020
Patrick Vernon	appointed 15 July 2020

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 2020.

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 powerful decision makers and can truly listen to our members. We could not be more grateful for the support we receive.

Activities and performance

38 Degrees had a successful year campaigning on behalf of our members, whilst we worked under very different circumstances as a result of the COVID-19 pandemic. We spent a total of £5,317,106 and ended the year with a £130,171 surplus.

Our members are the voice for our campaigns. The scale, diversity and passion of our membership is the power behind our success. Our membership engagement remained consistent throughout this year - at 30 September 2020 we had total membership list of 2,599,893 (2018-19: 2,604,837), with those members taking an extraordinary 18,523,789 actions (2018-19: 18,234,656), making possible the successful campaigns that are described in more detail below.

Our main activity in this year was campaigning, with the greatest focus on the following issues (more details on each follow in the next section):

- Election December 2019 – holding leaders to account for their conduct and behaviour and increasing participation of under-represented groups
- Trade – safeguarding the NHS and focusing on the US trade deal - ensuring food standards via campaigns targeted at supermarkets
- Viral campaigns - media bullying (following the death of Caroline Flack) & recognition for Captain Tom Moore in his amazing efforts to raise money for NHS charities
- Support from the Government for those most affected by the COVID-19 pandemic (specific focus on renters, self-employed people, sick pay, furlough scheme)
- Universal Credit
- Protecting the BBC
- NHS - asking the government to give a pay rise to key workers, and ensure they have the right type of and enough PPE

This year we continued our efforts to assess the impact of our campaigns 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.

38 Degrees

Directors' annual report

For the year ended 30 September 2020

Our team remained at a stable size during the 2019-20 year with an average of 40 members of staff, including paid interns. We invested in growing our member insights and support team to ensure we support, learn from, and engage with our community of supporters in the best possible way.

We moved the whole 38 Degrees team to working from home on 16 March 2020 in light of the COVID-19 pandemic and government advice. We remain working remotely today, with no disruption to our core activities. We have recruited people remotely into the team during this period and have invested in many team wellbeing initiatives during this challenging time.

We have been humbled by the ongoing support and action of our members in this year of so much difficulty and uncertainty for so many. Some highlights from our campaigns this year are described below and tell the story of the continued energy of the 38 Degrees community to create positive social change.

2019/2020 Campaign highlights

Election December 2019

We went into the December 2019 election with a two-pronged approach: holding political leaders to account for unacceptable conduct and increasing participation of marginalised and underserved groups.

To hold political actors to account, we asked political leaders to sign up to a 'deal' between the public and their parties agreeing to avoid toxic behaviour, including refraining from violent and threatening language. As a result, a number of MP candidates running for all political parties responded positively, citing their support for the deal. Four political parties signed up to the deal: Nicola Sturgeon (SNP), Arlene Foster (DUP), both Green Party leaders and Pwyd Cymru. Whilst Labour, the Conservatives and the Lib Dems did not sign up to the deal, they all responded directly to 38 Degrees about the campaign with strong support for the principles. As a result, 70,000 members of the public also signed up.

We also focused on registering and mobilising marginalised groups. Our register to vote digital marketing campaign resulted in 15,799 new registrations. We built and marketed a tool, WeVote, that used peer-to-peer sharing to help people encourage their friends and family to vote, based on the insight that people are most persuaded to do this by people they already trust. We also crowdfunded for grants to grassroots organisations Citizens UK, Rize Up, and Migrants Organise to scale up their face-to-face work in convincing migrants, people of colour and young people to vote.

The BBC

Immediately following a government briefing in the Sunday Times in mid-February, stating they wanted to "whack" the BBC and "prune its reach" into people's homes, we launched a petition to protect it, which amassed almost 300,000 signatures. Given the democratic role a public broadcaster like the BBC plays in holding the government to account, this campaign felt central to the 38 Degrees mission, particularly in the political context at the moment.

We worked closely with the Head of Corporate Affairs at the BBC and subsequently with Director General Tony Hall to ensure our members could have the most impact possible in creating a public backlash against these plans. The government's consultation on decriminalisation for non-payment of the TV license, widely seen as a cover to cut back the BBC's funding, was our way into ensuring the government heard us. More than 110,000 members took part in the consultation, sending in their own personal stories about why the BBC matters to them, including one from a 7/7 bombing survivor who relied on BBC news to get out of harm's way. Almost 10,000 of those responses mentioned the BBC's vital role in disseminating facts about coronavirus. We also had a sprinkle of stardust when celebrities came out in favour of the campaign on social, including author Philip Pullman and Davina McCall.

38 Degrees

Directors' annual report

For the year ended 30 September 2020

As a result of all our member's hard work, in January 2021 the UK government backed down from their plans to decriminalise non-payment of the licence fee, a move that could have slashed the BBC's funding by hundreds of millions of pounds.

Trade

Our trade campaign this year focused on safeguarding the NHS from a US trade deal and protecting food and animal welfare standards.

A Conservative MP, who we previously worked with on trade scrutiny and transparency in summer 2018, reached out in late June to ask if we'd help them lobby MPs to support their amendment to the Trade Bill, which would guarantee MPs and the public a proper say over trade deals. A huge vote of confidence in our potential to help a campaign, and from a Conservative MP, this was a strong sign that we continue to build on our reputation for impact. In total, 16,427 emails were sent to Conservative MPs in the lead up to Report Stage in mid-July. Though it did not pass, 10 of the Conservative MPs we targeted supported the amendment.

We turned our focus to corporate targets as well and enjoyed real success with the consumer theory of change. After Waitrose announced they were committing to banning chlorinated chicken and other low-quality meat imports in their supermarkets regardless of the outcomes of a UK-US trade deal, we began campaigning to ask all other major UK supermarkets to commit to follow suit. We launched an open letter targeted at the biggest supermarket chains - Morrisons, Tesco, Asda, Sainsbury's, Aldi, Lidl, and Co-op - with 156,883 members adding their names. Following our campaigning, Co-op, Aldi, Sainsbury's, and Asda quickly pledged to never stock chlorinated chicken, and our campaign was covered in the following outlets: The Yorkshire Post, The Manchester Evening News, The Birmingham Mail, The Grocer and My London.

In another unusual approach for us, to coincide with the third round of UK-US trade talks in early August, we asked members to email the US Trade Representative, Robert Lighthizer directly - to say the British public would not stand for a trade deal which affected our NHS. 127,544 members signed the open letter and 5,473 members emailed the Trade Representative directly. Our technology indicates that almost 100 of these emails were opened, on the same week as talks were happening between Lighthizer and Secretary of State, Liz Truss.

NHS

Protecting the NHS has always been important to our members but the onset of the COVID-19 pandemic meant that we had a busy year fighting to support healthcare workers. More than 718,814 members took 1,571,546 actions from March through to September.

In the light of this level of public support and the outpouring of admiration for our NHS and the workers within it, we ran a substantial campaign focusing on:

1. Trying to secure a pay rise for NHS workers
2. Offering NHS workers who have come to the UK from abroad the option to remain in the country, and
3. Securing a 'once in a generation' funding settlement for the NHS as it emerges from the coronavirus crisis.

The campaign engaged almost half a million people, raised almost £200,000 and brought in almost 30,000 new members.

After leaked plans revealed that the government was considering a pay freeze for public servants, more than 26,000 members wrote personal emails to the Chancellor calling for a pay rise for frontline staff instead. We also launched a supporting poster campaign which resulted in more than 40,000 people ordering posters and contributing nearly £100,000 to the campaign.

38 Degrees

Directors' annual report

For the year ended 30 September 2020

We also launched NHS United (our long-term campaign for a post-COVID-19 NHS recovery plan) by offering face masks to members. Throughout July, 20,500 members signed up to get a high-quality mask with a message on it thanking our NHS. This was a new tactic and uncharted waters for 38 Degrees which raised significant amounts of money, arguably helped build affinity with the organisation and raised awareness for our NHS United campaign before its official launch. We also offered members the option of receiving a face mask for free if they couldn't afford it, contributing our bit to the wider public health effort while also turning a net profit.

Campaigns by You

We had 5,765 new petitions set up this year by members of the public on our 'Campaigns by You' platform. As usual these ranged from local campaigns which focussed on saving local services from being cut through to huge campaigns on the big issues of the day.

Two campaigns stood out as big viral sensations. The first in February 2020 called for greater press regulation following the tragic death of TV presenter Caroline Flack. Over 850,000 people signed calling for newspapers and more to be held to account for bullying people. It gained huge press attention and helped create a national debate around the issue.

The second in March 2020 called for Captain Tom Moore to be awarded a knighthood for his amazing NHS fundraising. Over 250,000 people signed and Sir Tom was knighted in July 2020.

Corona Support Package campaigns

When coronavirus hit the UK, and we were forced into our first lockdown, 38 Degrees members launched dozens of campaigns on our website to ensure that everyone was supported during the crisis.

Financial support - We had a petition calling for a Universal Basic Income which was one of our fastest growing campaigns of the year (319,000 signatures) and, we believe, helped frame the high expectations of the public to see the government make the bold pledges around furlough and more.

Self-employed - As it became clear that the government's support for self-employed people was lacking we launched a large, 160,000 signatures, petition calling for an equivalent level of support to that provided to employed people. Thousands also tweeted Rishi Sunak and Boris Johnson in the lead up to their announcement of support.

Sick pay - Wilkos supermarket was proposing a policy of scrapping sick pay for their workers after the first time they claim it each year. 133,000 people signed our petition, and took part in social media actions against the brand. Wilkos made a U-turn and dropped their plans.

Renters rights - We ran huge campaigns in England (105,000 signatures) and Scotland (15,000 signatures) around support for renters during the crisis. This built on public calls for the UK government to postpone evictions, we later followed this up to ensure the ban on evictions was further extended.

Universal Credit - we also ran a huge campaign, partnering with the Joseph Rowntree Foundation, calling for the temporary £20 uplift of Universal Credit to be made permanent.

Alongside these headline Corona Support campaigns we ran smaller more reactive campaigns which were regularly covered in the press, to ensure that the government was held to account over issues such as homelessness, domestic violence, workplace safety and more.

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.

The decisions made this year, particularly during and as a result of the COVID-19 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 effectively as possible.

We have embarked on setting a new 5-year vision and strategy, to ensure we maintain our relevance, represent our membership, and understand and grow our impact. We are engaging with our members and with experts from across the political and campaigning landscape to help us with this thinking and in setting our future direction.

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.

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 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.

38 Degrees
Directors' annual report
For the year ended 30 September 2020

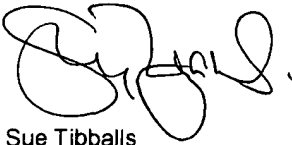
Each of the directors confirms that to the best of his/her knowledge there is no information relevant to the audit of which the auditor is unaware. Each of the directors also confirms that he/she has taken all necessary steps to ensure that he/she is aware of all relevant audit information and that this 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 24 March 2021 and signed on their behalf by



Sue Tibballs
Director (Chair)

Opinion

We have audited the financial statements of 38 Degrees (the 'company') for the year ended 30 September 2020 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 2020 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 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 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.

Independent auditor's report
To the members of
38 Degrees

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)
14 June 2021
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 2020**

	Note	2020 £	2019 £
Income			
Donations	2	5,442,993	5,541,682
Bank interest		3,409	7,301
Partnership schemes		-	11,736
Other		875	8,847
Total income		<u>5,447,277</u>	<u>5,569,566</u>
Expenditure	3		
Consultants' fees		139,888	93,499
Marketing		105,113	224,873
Website maintenance		336,841	335,834
Grant making	4	124,334	49,944
Campaign tactical expenditure		1,152,805	1,379,728
Office costs		686,459	652,613
Legal and finance		368,545	346,625
Depreciation	8	3,877	6,565
Staff costs	6	2,126,009	2,121,779
Trading costs		194	44,184
Alliance building direct costs		68,467	76,265
Other costs		204,574	214,290
Total expenditure		<u>5,317,106</u>	<u>5,546,199</u>
Surplus on ordinary activities before taxation		130,171	23,367
Taxation	7	-	-
Surplus on ordinary activities after taxation		<u>130,171</u>	<u>23,367</u>
Total funds brought forward		2,156,221	2,132,854
Total funds carried forward		<u>2,286,392</u>	<u>2,156,221</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.

The annexed notes form part of these financial statements

38 Degrees (Company no. 6642193)

Balance Sheet

As at 30 September 2020

	Note	£	2020 £	£	2019 £
Tangible fixed assets	8		5,564		3,231
Current assets					
Debtors	9	53,868		95,292	
Cash held on deposit		680,239		-	
Cash at bank and in hand		<u>1,844,784</u>		<u>2,346,553</u>	
			2,578,891		2,441,845
Creditors: amounts due within one year	10		(298,063)		(288,855)
Net current assets			<u>2,280,828</u>		<u>2,152,990</u>
Net assets			<u><u>2,286,392</u></u>		<u><u>2,156,221</u></u>
Funds	11				
Unrestricted funds					
Designated funds: Innovation fund			-		135,174
General funds			2,286,392		2,021,047
Total funds			<u><u>2,286,392</u></u>		<u><u>2,156,221</u></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 24 March 2021 and signed on their behalf by

Sue Tibballs, OBE - Chair



The annexed notes form part of these financial statements

38 Degrees

Notes to the financial statements

For the year ended 30 September 2020

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 First Floor, 10 Queen Street Place, LONDON, EC4R 1BE.
- 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.

The Directors have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the company to continue as a going concern. The Directors have made this assessment for a period of at least one year from the date of approval of the financial statements. As part of their assessment, the Directors have considered the impact of COVID- 19. The Directors have concluded that there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing the financial statements.

- 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) A designated innovation fund of £135,174 was set aside by Directors in 2012. Since then no spend has been recorded against this specific fund, instead investments in campaign innovation and technology have been made from general funds. Hence Directors decided to reallocate the fund to general funds in 2020.
- 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 89.9%, Support team 6.0%, Governance 4.1%.
- 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.

38 Degrees

Notes to the financial statements

For the year ended 30 September 2020

1. Accounting policies (continued)

- 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.
- 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 £5,442,993 in donations. £3,026,844 was donated by monthly direct debit, from 29,105 donors. £2,416,149 was given through one-off donations, comprising 250,465 donations from 120,695 donors, with an average donation of £9.30.

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

3. Expenditure

Expenditure is allocated to activities based on actual costs incurred. The expenditure for the year to 30 September 2020 has been analysed as follows:

	2020	2020	2019	2019
	£	%	£	%
Campaigning & Fundraising	4,779,008	89.9%	5,016,948	90.5%
Support team	346,660	6.5%	346,022	6.2%
Governance	191,438	3.6%	183,229	3.3%
	<u>5,317,106</u>	<u>100.0%</u>	<u>5,546,199</u>	<u>100.0%</u>

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 89.9% 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 trustees, 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 4%, 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 trustees. 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 £124,334 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 Hype Collective, Citizen UK, BP or not BP, Food for All, Young Women's Trust, Joint Council for the Welfare of Immigrants, Migrants Organise and Rize Up.

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, Good Law Project, Greener UK, Green New Deal, Greenpeace, Grenfell United, Hacked Off, Hansard Society, Inquest, Institute for Consumer Affairs, The Institute for Government, Institute of Ideas, International Planned Parenthood Federation, IPPR North, Keep Our NHS Public, Joseph Rowntree Foundation, Liberty, Living Rent, London Beekeeping Association, London Renter's Union, The National Autistic Society, National Pharmacy Association, National Trust, New Economics Foundation, NHS Support Federation, NUJ, NUS, openDemocracy, Open Rights Group, Organise, Our Land, Oxfam, The Parks Alliance, Patients not passports, 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, Revive, 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.

38 Degrees
Notes to the financial statements
For the year ended 30 September 2020

5. Surplus on ordinary activities

This is stated after charging / crediting:

	2020	2019
	£	£
Depreciation	3,877	6,565
Directors' remuneration	-	-
Directors' reimbursed expenses	55	1,113
(Loss) on disposal of assets	(800)	-
Auditors' remuneration:		
Statutory audit	7,150	7,000
Other services	1,050	1,000
	<u>1,050</u>	<u>1,000</u>

6. Staff costs

	2020	2019
	£	£
Salaries and wages	1,806,043	1,811,631
Social security costs	198,328	197,061
Pension contributions	121,638	113,087
	<u>2,126,009</u>	<u>2,121,779</u>

The average salary was £47,831 (2019: £45,626). 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 £75,583. The ratio between the highest and lowest paid was 2.82 to 1 (2019: 3.7 to 1), based on total remuneration figures.

We continued our successful paid internship programme this year which had an intake of 4. 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 40.3 (2019: 41.8)

Gender pay gap:

38 Degrees supports campaigns for companies to report on the gap between male and female pay. In the year to September 2020, women earned on average £807 more than men (2019: women earned £382 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.

	2020	2019
	£	£
UK corporation tax for 2020 at 19% (2019 at 19%)	<u>-</u>	<u>-</u>

38 Degrees

Notes to the financial statements

For the year ended 30 September 2020

8. Tangible fixed assets

	Leasehold improvements £	Fixtures and Fittings £	Website development £	Computer equipment £	Totals £
Cost					
At the start of the year	31,791	23,499	58,296	4,400	117,986
Additions in year	-	-	-	7,010	7,010
Disposals in year	(31,791)	(23,499)	-	-	(55,290)
At the end of the year	-	-	58,296	11,410	69,706
Depreciation					
At the start of the year	31,791	21,099	58,296	3,569	114,755
Charge for the year	-	1,600	-	2,277	3,877
Disposals in year	(31,791)	(22,699)	-	-	(54,490)
At the end of the year	-	-	58,296	5,846	64,142
Net book value					
At the end of the year	-	-	-	5,564	5,564
At the start of the year	-	2,400	-	831	3,231

9. Debtors

	2020 £	2019 £
Deposits paid	8,597	27,752
Prepayments and accrued income	43,047	67,205
Other debtors	2,224	335
	<u>53,868</u>	<u>95,292</u>

10. Creditors: amounts due within one year

	2020 £	2019 £
Trade creditors	128,191	191,188
Accruals	100,374	13,589
Tax and social security	56,580	66,426
Pension creditor	12,918	17,652
	<u>298,063</u>	<u>288,855</u>

38 Degrees
Notes to the financial statements
For the year ended 30 September 2020

11. Movements in funds

Current Year	1 Oct 2019	Income	Expenditure	Transfers	30 Sep 2020
	£	£	£	£	£
Unrestricted funds:					
Designated funds:					
Innovation fund	135,174	-	-	(135,174)	-
General funds	2,021,047	5,447,277	(5,317,106)	135,174	2,286,392
Total unrestricted funds	2,156,221	5,447,277	(5,317,106)	-	2,286,392
Total funds	2,156,221	5,447,277	(5,317,106)	-	2,286,392
Prior Year	1 Oct 2018	Income	Expenditure	Transfers	30 Sep 2019
	£	£	£	£	£
Unrestricted funds:					
Designated funds:					
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

Purposes of designated funds

Innovation fund - this fund was originally set aside in 2012 to give us the capacity to innovate through capital investment, for example in new pieces of technology. However, no spend has been recorded against this specific fund, instead investments were typically drawn from the general fund. The balance on the innovation fund was transferred to the general fund at the year end.

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 2019/20 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.

12. Related party transactions

There were no related party transactions to declare for the 2019/2020 year (2018/19 none).