

Company number: 06642193

38 Degrees

Report and financial statements
For the year ended 30 September 2022

38 Degrees

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For the year ended 30 September 2022

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38 Degrees

Reference and administrative details

For the year ended 30 September 2022

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 (Chair)
Oluwabukola Obayiuwana
Peter Tyson
Ellie Ereria
Sarah Sternberg
Devin O'Shaunessey
Patrick Vernon (resigned 16 December 2022)
Andrew Croxford (appointed 22 September 2022)
Tom Hamilton (appointed 22 September 2022)
Clare Kandola (appointed 22 September 2022)
David Norton (appointed 22 September 2022)

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

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

Solicitor Bates Wells
10 Queen Street Place
London
EC4R 1BE

The Directors present their report and the audited financial statements for the year ended 30 September 2022.

Aims and Objectives

38 Degrees launched in May 2009 and is now one of the UK's biggest campaigning communities. Our supporters are united by their motivation and passion for creating a country that is fairer and more respectful, and a world that is more sustainable. In the space of a week, hundreds of thousands of our supporters could be campaigning on anything from the cost of living crisis and protecting our NHS to saving local libraries and bus services.

An unusual but core characteristic of 38 Degrees is the extent to which we are supporter-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 hundreds of thousands of people together. Most of our famous victories would not have happened without our supporter-driven approach.

38 Degrees is fiercely independent. We don't take donations from political parties, or corporate donors. We are funded each year by tens of thousands of small donations from the public. This independence means we can truly listen to our supporters and never have to hold ourselves back from taking on powerful decision makers. We could not be more grateful for the support we receive.

Activities and Performance

As we emerged from the pandemic into an environment characterised by the cost of living crisis and political chaos, 38 Degrees had a strong year campaigning on behalf of our movement. Supporter engagement continued to be a challenge during such a difficult year for so many. Nevertheless, our supporters were resilient and our movement remained strong and active throughout the year, a testimony to their widespread commitment to positive social change.

We created impact with our Partygate and Rip It Up campaigns, we celebrated 100 years of the BBC and our supporters again showed their wonderful generosity with our fundraiser for refugees in Ukraine. These and other campaigns are highlighted in the next section.

Financially our income fell by 6% from the previous year to £4,309,030 (2020-21: £4,598,593). Whilst the country emerged from the Covid-19 pandemic, this was quickly followed by a severe and enduring cost of living crisis. Under these circumstances the Directors consider this to be a solid income performance. In 2023 and beyond the team will be focussed on steadily building a sustainable and resilient income platform with supporter donations remaining at the very heart of how we fund our work.

Despite the challenges we spent a total of £4,408,091 (2020-21: £4,537,487) to deliver our campaigning work and invest in our long term strategy. We ended the year with a pre tax deficit of £99,061 (2020-21: surplus £61,106). During the year the Board approved a new reserves policy, stating our aim to hold between 4 and 6 months of operating costs in reserve. We ended the year with reserves of £2,249,560 which equates to 6 months of our annual operating costs. So financially, we are in a solid position to invest strongly in creative and provocative campaign tactics and to focus on growing the diversity and the scale of our movement.

38 Degrees

Directors' annual report

For the year ended 30 September 2022

We moved into a new London office space in April, balancing affordability with function, and at the same time introduced hybrid working with high levels of flexibility for the team. This has been very effective and greatly appreciated across the organisation. We are committed to, and continue to fine tune, our hybrid working model.

We have welcomed a number of new faces to the team through the year, concentrated in the areas of campaigns, digital content creation and technology. We ended the year with a headcount of 39 (2020-21: 31) and with a plan in 2023 to increase further to 46. This is part of an intentional plan to expand our in-house capacity and capability, thereby reducing our reliance on external providers. We believe this will help set us on a path to long term sustainability and continued success.

We also appointed four new Directors in the year aimed at improving the capability and influence of the Board. Sadly Patrick Vernon recently stepped down from the Board after nearly 3 years and we thank him for his valuable service. Looking ahead, the Directors are committed to further increasing the diversity of the Board in the coming year. We want to thank both our staff team and our Board members for their hard work and commitment to the 38 Degrees cause throughout the year.

As always the Directors are truly grateful and humbled by the scale and breadth of the actions of our supporters and their essential financial support for our work. This is especially true at this time of enduring financial hardship for so many. We thank you!!

2021-2022 Campaign Highlights

Of course our primary activity in the year was campaigning. We welcomed and took advantage of the chance to return to more in person campaigning with a number of creative and impactful stunts. Our greatest focus was on the cost of living crisis, post-covid politics, protecting our NHS and protecting our environment.

Below we tell some of our most evocative and impactful campaign stories from the year. But first, here is where the power of our movement came from:

- 1,278,629 people signed their name to a cause
- 2,202,553 people engaged with our content across our social channels
- 4,015 people started their own petition
- 1,179 of our supporter's stories showed exactly how the cost of living crisis was affecting our country
- £4,303,274 raised through small donations from British public
- 98,487 people chipped in to fund our work
- 90,368 people wrote to their MPs and decision makers

For the nearly 1.3m people who, through 38 Degrees, took time out of their busy days to add their name to a campaign or petition, share their stories or a photograph, write to their MP, pop a poster in their window or chip in a few pounds for a newspaper advert or attention grabbing stunt - this is the change they made:

HELD A LAWBREAKING PM TO ACCOUNT: Partygate

Lockdown looked very different inside and outside No 10. When pictures emerged of a Prime Minister partying in Downing Street while the rest of us stayed home to save lives, saying final goodbyes to loved ones on Facetime or through a window, we said enough was enough.

Hundreds of thousands of us channelled our anger and disgust at the rank hypocrisy shown by those who should have been leading us through a pandemic, and sent pictures of OUR lockdowns, showing just how different they looked. What did 38 Degrees do with them? We used that infamous image of Boris Johnson raising a toast during a national lockdown, and we built it, pixel by pixel, from the thousands of images of our lockdowns - sticking by the rules, sacrificing so much to save lives. And we splashed it across our nation's best regional newspapers, so they couldn't help but notice us.

Combine that iconic image, with thousands upon thousands of emails and handwritten letters that supporters sent to their Conservative MPs about the impact No 10's rule breaking had on them and their families - and we helped showcase the wave of very real public anger that the then Prime Minister simply couldn't survive.

RIPPED UP A DISASTER BUDGET

In September, as the country looked to the new PM to finally deliver the rescue plan from a cost of living crisis that we desperately needed, her mini budget - which uncapped bankers bonuses, cut taxes for the wealthiest and protected the record profits of energy giants - instead crashed our economy and turned the crisis into a catastrophe.

So what did we do? With people across our country - too scared to put on their heating, struggling to put food on the table, facing rocketing mortgage payments if they could get mortgages at all, fearing for their pensions and their homes - we came together to say one thing loud and clear: RIP IT UP and rescue families and our public services instead.

Thousands of us chipped in for polling to prove just how huge the public backlash was, showing the scale of electoral wipeout that keeping this budget would mean for Conservative MPs, and zooming in on the real lives and stories at stake - we didn't just get them to change one or two plans. We got them to rip up the entire thing, and in the process, we saw our second PM resign this year.

FOUGHT FOR A LIFELINE FOR FAMILIES LIKE KINGSLEY'S

As part of the cost of living rescue plan we fought for, we joined forces with two people to help us make the splash we needed. Former Prime Minister Gordon Brown came out fighting in support of 38 Degrees' calls to make sure Universal Credit - a lifeline for so many families - kept up with soaring prices in the shops. And Kingsley, a little boy from Brighton, whose mum Merve relies on Universal Credit. They delivered our message - backed by the former Prime Minister, Save the Children and a huge coalition of anti poverty charities - standing on a box of signatures from 404,790 more of us, direct to Downing St.

Together, with a former Prime Minister and one little boy at the heart of our campaign, we won. So many families still face a huge struggle this winter but, thanks to all of us, this is one worry to scratch off their list.

CELEBRATED OUR BBC AT 100 AND PROVED THAT THE PUBLIC BACK CHANNEL 4

2022 was the year our BBC turned 100. Together, we celebrated our favourite moments - from the Queen sharing a final marmalade sandwich with Paddington Bear and Del Boy falling through the bar, to reporting we relied on: from coverage of Nelson Mandela's walk to freedom to, only recently, BBC news reporting from bomb shelters in Ukraine to bring us the truth about Russia's war on the country. We splashed our message on billboards across the country: we the British public value our BBC and we'll fight to protect it, in the face of Government cuts to its funding, hollowing out services we depend on and dodging the accountability only a public service broadcaster can bring.

Talking of public service broadcasters Britain can be proud of, this year we also launched a wholesale defence of Channel 4. We helped 43,538 people submit to the government's consultation, proving that a whopping 96% of us opposed the sale. And we won!! In January 2023 the Government abandoned plans to privatise Channel 4.

CAME TOGETHER TO SUPPORT PEOPLE FLEEING WAR IN UKRAINE

In an urgent call to our supporters, we raised more than £60,000 for our valued partners at the Refugee Council who support those fleeing conflict and help them rebuild their lives. Thousands of us also showed that we have the backs of some of the most vulnerable people in the world, by forcing the government to support local councils with more resources to aid resettlement when we welcome those fleeing conflict to the UK. We know people want to rebuild their lives, we told the government to get out of their way and help them do so.

SHOWED JUST HOW SICK WE WERE OF SEWAGE IN OUR SEAS

The public was horrified by reports that water companies were dumping sewage into waterways more than 1,000 times a day. Towards the end of the year we started what has become an extended campaign to highlight and stop this appalling practice. Our campaign to put pressure on the government and water companies was supported by more than 201,000 people. We delivered a huge 'sewage' postcard to Downing Street and some of those powerful water companies even reached out to the staff team, after being overwhelmed by the huge volume of messages from the public.

To date this campaign has gained huge public momentum, but we won't stop until we get what we want - clean, safe waterways and a protected environment.

CHANGED OUR COMMUNITIES WHERE WE LIVE

Throughout the year, on our Campaigns By You platform, supporters up and down the country ran and won campaigns to directly change where they live. This year Joanna in Kent won her campaign to [Save Goodwin Sands](#) from being dredged. Gary won his campaign to reinstate the [Matlock to Nottingham](#) rail link. Claire won her campaign to [save Queen Victoria hospital](#) from a merger and Shirley won her campaign to [Protect Clapham Common](#) for everyone.

WE WORKED TOGETHER WITH OTHERS TO MAKE A DIFFERENCE

We can't make the change we all want to see in this country on our own. So we worked with campaign organisations and media outlets to build an even stronger movement. From partnering with The Mirror to call for Black History to be taught in our schools, and a General Election when we were on our second unelected PM in a row, to working with Warm This Winter, the Refugee Council, HOPE not hate, Gambling With Lives, Save the Children, Black Women for Black Lives, the Council for the Protection of Rural England, The Climate Coalition, Covid Bereaved Families for Justice, Tax Justice, City to Sea, Surfers Against Sewage. Together, we're stronger.

Looking Ahead

2022 was hard for each of us in different ways. We struggle with the world as it is, and our frustration at not yet making the world as we want it to be. At the same time, it was filled with moments we should be proud of. And so, as we look forward to the future with renewed focus and determination it is worth restating our Vision for:

A fairer country

A country where everyone gets a fair chance in life. Where the place we were born, or the area we live in, doesn't decide that chance. Where it's not 'one rule for them', and another for the rest of us.

A more respectful country

A country where we are respectful of each other. Where we focus on what we have in common with one another, rather than what divides us. And where we are not afraid to have discussions or disagree, because we treat one another with kindness.

A more sustainable world

A place where we all take personal responsibility in what we do, big and small, to protect our environment, and we hold big companies and our Government to account for their role in saving our planet.

Our principal goals for the coming year are:

1. Expand our power by building a stronger movement

We strive to expand our support, not because of numbers on a dashboard, but because of what those numbers represent: a movement of people with a stake in making us a fairer, more respectful, more sustainable country,

2. Fight - with our supporters front and centre - for high profile impact

Austerity economics will make our country less fair. Culture war activists seek to divide us, not to treat us with the respect we deserve. The clock continues to tick on the climate crisis, and inaction is an active choice to fail to act. We have the power to mobilise people to demand better.

3. Sustain and grow our passionate, committed, kind #OneTeam

We want a workplace where we each feel able to be our best selves, to deliver on the mission we each feel, where we are safe and supported, and where we care about the person next to us as much as the cause itself.

And, of course, throughout we will be running ambitious, engaging and impactful campaigns on the issues that we have defined as our priorities: **public services, economic justice, democracy and the environment**, alongside those large scale mission critical reactive moments that underpin our reputation for galvanising our 38 Degrees community.

Scope of this Annual 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 supporter 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.

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 March 2023 and signed on their behalf by



Richard Lackmann
Director (Chair)

Opinion

We have audited the financial statements of 38 Degrees (the 'company') for the year ended 30 September 2022 which comprise the profit and loss account, balance sheet, and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 2022 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on 38 Degrees' ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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; and
- 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 statement of directors' responsibilities 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management and the finance committee, which included obtaining and reviewing supporting documentation, concerning the company's policies and procedures relating to:
 - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the company operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the company from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.

Independent auditor's report
To the members of
38 Degrees

- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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)

5 April 2023

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 2022**

	Note	2022 £	2021 £
Income			
Donations	2	4,303,274	4,595,825
Bank interest		5,756	2,768
Total income		<u>4,309,030</u>	<u>4,598,593</u>
Expenditure	3		
Staff costs	6	1,985,826	2,032,522
Campaign tactical expenditure		873,660	1,042,173
Consultants' fees		192,897	364,298
Alliance building direct costs		45,958	56,939
Marketing		156,555	21,157
Website maintenance		262,708	283,266
Office costs		433,851	281,970
Legal and finance		246,187	269,181
Grant making	4	81,824	29,492
Depreciation	8	2,803	2,401
Other costs		125,822	154,088
Total expenditure		<u>4,408,091</u>	<u>4,537,487</u>
(Deficit) / Surplus on ordinary activities before taxation		(99,061)	61,106
Taxation	7	1,094	(2,217)
(Deficit) / Surplus on ordinary activities after taxation		(100,155)	63,323
Total funds brought forward		2,349,715	2,286,392
Total funds carried forward		<u>2,249,560</u>	<u>2,349,715</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 (Company no. 06642193)**Balance Sheet****As at 30 September 2022**

	Note	£	2022 £	£	2021 £
Tangible fixed assets	8		360		3,163
Current assets					
Debtors	9	99,494		48,495	
Cash held on deposit		255,000		339,234	
Cash at bank and in hand		2,522,082		2,617,501	
			2,876,576		3,005,230
Creditors: amounts due within one year	10		(627,376)		(658,678)
Net current assets			2,249,200		2,346,552
Net assets			2,249,560		2,349,715
Funds	11				
Unrestricted funds					
General funds			2,249,560		2,349,715
Total funds			2,249,560		2,349,715

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 March 2023 and signed on their behalf by



Richard Lackmann, 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 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. 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

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

- d) Income is 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) 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.
- g) Expenditure is allocated to activities based on actual costs incurred. The proportions calculated were: Campaigning and Fundraising 85.2%, Support team 13.3%, Governance 1.5%.
- h) 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.
- i) Short term trade creditors are measured at the transaction price. Other financial liabilities are measured at fair value.
- j) 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)

- k) 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.
- l) 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 £4,303,274 in donations. £3,034,866 was donated by monthly direct debit from 34,033 donors, with an average donation of £8.50. £1,268,408 was given through one-off donations from 75,879 donors, with an average donation of £8.35.

3. Expenditure

Expenditure is allocated to activities based on actual costs incurred. The expenditure for the year to 30 September 2022 has been analysed as follows:

	2022	2022	2021	2021
	£	%	£	%
Campaigning & Fundraising	3,757,681	85.2%	4,068,560	89.7%
Support team	586,093	13.3%	410,114	9.0%
Governance	64,317	1.5%	58,813	1.3%
	<u>4,408,091</u>	<u>100.0%</u>	<u>4,537,487</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 85.2% 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.

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, risk management, administration and daily operations. The year on year increase is largely a result of securing a London based office space for the first time since the pandemic.

Governance costs: this includes costs such as audit, legal fees, recruitment of new board directors and in relation to Data Protection compliance. Plus other costs relating to the board of directors, who play an important role in holding the organisation to account and helping set our campaign strategy.

4. Funds granted to other entities

	2022	2021
	£	£
Black Women for Black Lives	5,150	-
British Refugee Council	66,674	-
Good Law Project	-	29,492
Uplift	10,000	-
	<u>81,824</u>	<u>29,492</u>

5. Surplus on ordinary activities

This is stated after charging / crediting:

	2022	2021
	£	£
Depreciation	2,803	2,401
Directors' remuneration: other services (see Note 13)	-	2,800
Directors' reimbursed expenses	302	63
Auditors' remuneration (excluding VAT):		
Statutory audit	7,875	7,300
Other services	5,650	1,075
	<u>5,650</u>	<u>1,075</u>

6. Staff costs

	2022	2021
	£	£
Salaries and wages	1,678,754	1,724,139
Social security costs	199,492	191,389
Pension contributions	107,580	116,994
	<u>1,985,826</u>	<u>2,032,522</u>

The average salary was £50,681 (2021: £48,127). 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 the Chief Executive Officer, who received a total of £83,825. The ratio between the highest and lowest paid was 2.88 to 1 (2021: 2.89 to 1), based on total remuneration figures.

The average number of employees (head count based on staff employed) during the year was 34.3 (2021: 37.2).

Gender pay gap:

38 Degrees supports campaigns for companies to report on the gap between male and female pay. In the year to September 2022, women earned on average £1,706 more than men (2021: men earned on average £2,208 more than women).

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.

	2022 £	2021 £
UK corporation tax refund relating to 2018/19	-	(3,354)
UK corporation tax for 2019/20 at 19%	-	611
UK corporation tax for 2020/21 at 19%	-	526
UK corporation tax for 2021/22 at 19%	1,094	-
	1,094	(2,217)

8. Tangible fixed assets

	Website development £	Computer equipment £	Total £
Cost			
At the start of the year	58,296	11,410	69,706
Disposals in year	-	(4,900)	(4,900)
At the end of the year	58,296	6,510	64,806
Depreciation			
At the start of the year	58,296	8,247	66,543
Charge for the year	-	2,803	2,803
Disposals in year	-	(4,900)	(4,900)
At the end of the year	58,296	6,150	64,446
Net book value			
At the end of the year	-	360	360
At the start of the year	-	3,163	3,163

9. Debtors

	2022 £	2021 £
Deposits paid	30,900	2,694
Prepayments and accrued income	68,594	44,871
Other debtors	-	930
	99,494	48,495

10. Creditors: amounts due within one year

	2022 £	2021 £
Trade creditors	113,641	151,384
Accruals	331,922	357,694
Tax and social security	169,316	149,587
Pension creditor	12,497	13
	627,376	658,678

38 Degrees
Notes to the financial statements
For the year ended 30 September 2022

11. Movements in funds

Current Year	1 Oct 2021	Income	Expenditure	Transfers	30 Sep 2022
	£	£	including taxation £	£	£
Unrestricted funds:					
General funds	2,349,715	4,309,030	(4,409,185)	-	2,249,560
Total unrestricted funds	2,349,715	4,309,030	(4,409,185)	-	2,249,560
Total funds	2,349,715	4,309,030	(4,409,185)	-	2,249,560
<i>Prior Year</i>					
	<i>1 Oct 2020</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers</i>	<i>30 Sep 2021</i>
	<i>£</i>	<i>£</i>	<i>including taxation £</i>	<i>£</i>	<i>£</i>
Unrestricted funds:					
General funds	2,286,392	4,598,593	(4,535,270)	-	2,349,715
Total unrestricted funds					2,349,715
Total funds					2,349,715

12. Operating lease commitments

At the reporting end date the company had the following future minimum lease payments under non-cancellable operating leases (all for property) which fall due as follows:

	2022	2021
	£	£
Less than one year	126,311	-

13. Related party transactions

There were no related party transactions to declare for the 2021/22 year.

Sue Tibballs, a Director until 29 September 2021, was paid £2,800 in the 2020/21 year for support of the 38 Degrees strategic review.