

Company number: 6642193

38 Degrees

Report and financial statements
For the year ended 30 September 2017

38 Degrees

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For the year ended 30 September 2017

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38 Degrees

Reference and administrative information

For the year ended 30 September 2017

Company number 6642193

**Country of
incorporation** United Kingdom

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

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

Nick Anstead
Ben Brandzel
Andrea Cooper
Ruth Davis
Henry de Zoete
Nicola Reindorp
Srabani Sen (Chair) – appointed November 2017
Peter Tyson

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

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

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

38 Degrees

Directors' annual report

For the year ended 30 September 2017

The directors present their report and the audited financial statements for the year ended 30 September 2017.

Principal activities and review

Aim and objectives

38 Degrees launched in May 2009 and is now one of the UK's biggest campaigning communities. 38 Degrees' members share a desire for a fairer, better, more sustainable society, and come together to decide which issues we campaign on and the actions we'll take to help us achieve that.

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

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

Activities and performance

38 Degrees has had a successful year. We spent a total of £5,736,490. Our main activity in this period was campaigning, which cost £5,480,106. We also undertook fundraising work, which cost £144,242. Organisational governance cost £112,146. That means that over 95% of expenditure went directly on our members' campaigns.

Campaigning work related to the following areas:

- Protect the NHS
- Campaigns by You and support for local campaigning
- Stop Rupert Murdoch
- People-powered Brexit
- Protect public services
- Tackle UK poverty
- Save our bees
- Use your vote election 2017
- Protect wildlife and the environment
- Fair international trade deals
- Improving politics and democratic accountability
- Stop fracking
- Member consultation
- Alliance building
- Energy price cap
- Energy switching
- Safer gambling

Our office team grew slightly, to reach 32 permanent staff. Additionally, we have continued our paid internship programme.

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Directors' annual report

For the year ended 30 September 2017

Notable activity in 2016–17 included:

Protect the NHS

38 Degrees members consistently vote to make campaigning to protect the NHS as a universal, publicly-run health service, our number one priority. This has been reflected in the level of expenditure directed to this campaign.

In 2017 we've focused on two major threats to the NHS. Firstly, we challenged the role of Sustainability and Transformation Plans in cutting or downgrading services, with insufficient public consultation or scrutiny. We've produced several pieces of research, secured significant media coverage, and enabled greater public engagement in these plans. Secondly, we've campaigned for the government to increase spending on healthcare, crowdfunded research into different options for raising revenue and pushed for a large increase in the 2017 Budget.

In addition to these two areas of major sustained focus, we've supported a range of local campaigns against service closures, and challenged policy proposals to limit access to NHS services such as restricting visits to A&Es.

Stop Murdoch

38 Degrees previously ran a successful campaign against Rupert Murdoch's attempt to take over what was then called BSkyB back in 2011. When a fresh takeover bid was announced in December 2016, 38 Degrees members again voted to challenge the deal.

We've challenged the proposed takeover through a range of tactics including facilitating thousands of individual messages to decision-makers and submissions to inquiries, and crowdfunded expert research and opinion polling. We've sought to influence Culture Secretary Karen Bradley MP, Ofcom, and the Competition and Markets Authority. The campaign is currently ongoing, with a decision by the CMA expected in early 2018.

Use your vote 2017

38 Degrees conducted an intensive member consultation process to agree our response to the 2017 snap General Election. Members voted to prioritise non-partisan efforts to promote political engagement and voter turnout. On that basis we quickly executed three programs of work:

UK-wide non-partisan information and encouragement to voters, including advice on how to register to vote, how to find your polling station, and a voting advice app which was used by over a million people. We estimate four million people saw our 'register to vote' online adverts.

A programme of hustings in ten key marginal seats. Given the unexpected nature of the election, we identified that fewer hustings were likely to take place than usual, and that therefore, 38 Degrees-organised hustings could significantly increase local voters' opportunities to learn about their candidates. We livestreamed these events and made them available online afterwards, greatly increasing their reach. In total, around a thousand people attended the hustings, and the videos attracted almost two million views before Election day.

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Directors' annual report

For the year ended 30 September 2017

Intensive voter turnout experiments in two constituencies. Working with the Department of Political Science at University College London, we designed and executed the UK's largest non-partisan effort to boost voter participation. By using randomised controlled trials, we were able to assess the efficacy of different techniques for boosting voter turnout. We had a demonstrable impact on turnout levels in Hove, and have gained valuable lessons to share with other civil society groups about proven ways to improve voter participation in future elections.

In compliance with the Lobbying Act, 38 Degrees registered with the Electoral Commission as a third party campaigner. However, almost all of our campaigning efforts were focused on voter participation, so we did not exceed the threshold of regulated expenditure and therefore were not required to submit a financial return to the Electoral Commission.

Save Britain's bees

38 Degrees continued to campaign against the use of neonicotinoid pesticides on UK crops, because of the growing evidence that these chemicals are a major factor in the decline of bees. We had two major successes in 2017. First, we persuaded the UK government to reject fresh applications for the UK to allow a breaking of the EU-wide moratorium on neonicotinoids. Secondly, in November 2017, Environment Secretary Michael Gove announced that a shift in the UK government's position, to support a continued EU-wide ban.

People-powered Brexit

The focus of 38 Degrees' work on Brexit in 2017 has been to ensure that the process enhances UK democracy, and that the views and perspectives of ordinary people are heard by decision-makers. To that end we have focused on three activities:

Meetings with MPs: Leave and Remain-voting 38 Degrees members have been meeting together, identifying common ground, and visiting their MPs to discuss their shared priorities for Brexit. Over 185 such meetings with MPs took place in 2017, including meetings with over half of the members of the cabinet.

Appropriate use of delegated powers: Over 500,000 38 Degrees members took part in a campaign to stop the government awarding itself sweeping delegated powers, including "Henry VIII clauses", within the EU Withdrawal Bill. This campaign was finally successful in December 2017, when the government accepted an amendment greatly restricting the use of delegated powers.

Protect the Scottish devolution settlement: 38 Degrees members in Scotland challenged plans in the EU Withdrawal Bill for EU powers to pass to Westminster for areas of policy such as Agriculture, Fisheries, and the Environment – which have long been devolved. We've organised petitions and MP meetings, commissioned public opinion research, and sent thousands of messages to MPs. Scottish Conservative MPs have responded constructively to the campaign, and spoken out against the UK-wide Conservative Party position – however the legislation has yet to be amended as of December 2017 and the campaign is ongoing.

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Directors' annual report

For the year ended 30 September 2017

Protect the welfare state

In 2017, our work on benefits and the welfare state has focused on the implementation of Universal Credit, which have led to widespread problems. We've helped those affected contact their MPs, and called for the government to delay roll-out until the issues are fixed. Sadly, with the exception of our call for the DWP to stop using premium rate numbers for its helplines, these campaigns have not so far been successful.

Reduce single-use plastics

38 Degrees members have taken part in several successful campaigns to reduce plastic pollution by promoting alternatives to single-use plastics. In partnership with City to Sea, we successfully persuaded all the largest retailers of cotton buds to switch from plastic to cardboard sticks, reducing the amount of plastic which ends up getting flushed into the sea. We campaigned for plastic deposit schemes to be introduced, and by the end of the year both the UK and Scottish governments had brought forward proposals.

Protect our parks

38 Degrees members sought to persuade the DCLG Select Committee to make strong recommendations to protect local parks in the face of declining funding. We delivered a large petition, made thousands of individual submissions, and a delegation of 38 Degrees members gave evidence to the committee in person. In addition, we organised campaign picnics in parks across the country.

The Committee report acknowledged that the "significant interest in, and the overwhelming response to, our inquiry is a clear indication of just how strongly people feel about their local parks, how much they value them, and how important it is that action is taken" with the chair writing directly to 38 Degrees to acknowledge our input.

Ban fracking in Scotland

Scottish 38 Degrees members took part in a sustained campaign during 2016 and 2017 for the Scottish Government to introduce a permanent ban on fracking. This included submitting a 23,000-strong petition to the Scottish Government's official consultation, enabling tens of thousands of voters to contact their MSP, crowdfunding expert analysis which found that fracking could endanger the Scottish whisky industry, tourism and public health, and crowdfunding investigative journalists to speak to people in Pennsylvania, USA who live with the reality of fracking. A ban was finally announced on 3rd October 2017.

Enabling dialogue between citizens and MPs

38 Degrees believes democracy works better when more people get involved, and so a key element of our work is enabling 38 Degrees members to get in touch with their MPs. Across all our work in 2016-17, we supported:

- Over 730,000 instances of email contact between MPs or other politicians and members of the public.
- Thousands of phone calls and tweets between MPs and local constituents.

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Directors' annual report

For the year ended 30 September 2017

- Over 200 face to face meetings between MPs and local constituents.

In the wake of the June 2017 General Election, we supported over thirty meetings between local constituents and newly elected MPs to discuss their priorities as new MPs – a third of the new intake of MPs.

We estimate that in total in this period, we enabled 200,000 members of the public who'd not previously been in touch with their MP, to initiate contact with their MP for the first time.

Supporting local campaigning

In 2016–17, 38 Degrees supported local campaigning efforts on local issues all across the UK. Our Campaigns By You platform, backed up a programme of support and mentoring to petition starters, hosted over 15,000 petitions on a wide range of issues; ranging from libraries in Warrington to bus routes in Birmingham to railway stations in West Lothian. We backed up our support for activity with over twenty "38 Degrees Live" events around the UK, and through support to local 38 Degrees local groups.

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

The Commission on Civil Society, BOND, Citizens UK, The Save Lewisham Hospital Campaign, Avaaz, The Consumer Association, Amnesty International, Children's Society, Campact, Ramblers' Association, Woodland Trust, National Trust, RSPCA, Countryside Alliance, Badger Trust, Liberty, CAMRA, The National Autistic Society, Spinwatch, Women's Aid, Refuge, Reprieve, Berim, Refugee Action, Gingerbread, Bite the Ballot, ShareAction, Children England, Buglife, Bring Back British Rail, Big Brother Watch, The Royal College of GPs, Keep Our NHS Public, Social Liberal Forum, Institute for Government, Hansard Society, Institute of Ideas, Fields in Trust, Friends of the Earth, Greenpeace, WWF, End Child Poverty Coalition, Alliance for Lobbying Transparency, Unlock Democracy, Electoral Reform Society, Royal British Legion, ActionAid, NUS, NUJ, New Economics Foundation, Ethical Consumer Magazine, Institute for Consumer Affairs, Compassion in World Farming, World Animal Protection, Royal Society for Protection of Birds, Antislavery International, NHS Support Federation, Open Rights Group, People and Planet, the World Development Movement, Platform, Tripping up Trump, Oxfam, The Big Switch, Full Fact, Disasters Emergency Committee, Robin Hood Tax campaign, Bumblebee Conservation Trust, London Beekeeping Association, Produce Events, Wonderland Communications, Campaign for National Parks, Campaign for Freedom of Information, City to Sea, Tax Justice UK, Organise, IPPR North, Doctors of the World, Get Glasgow Moving, East End Sisters Uncut, Better than Zero, openDemocracy, International Planned Parenthood Federation, Surfers Against Sewage, Positive Money, Global Justice Now, UCL (University College London), Commission on Civil Society and Democratic Engagement.

Plans for the future

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

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

Subject to this volatility and the member consultation process, we anticipate that two major priorities for 2017–18 are likely to be: pushing for sustainable funding for the NHS, to safeguard it as a world class, universal public health service; and influencing Brexit, seeking to ensure the UK pursues an approach to Brexit which is in line with our members' values, and enhances democratic accountability, and helps heal some of the social and cultural divisions exposed during the referendum campaign. Alongside these two major priorities we expect to run a wide range of campaigns which further our members' values of fairness, freedom, human rights, community, peace, sustainability, and democracy.

Because of Brexit and the funding pressures on the NHS, we expect particularly important decisions to be taken in Westminster in the year ahead. Because of the current government's narrow majority and intra-party divisions within both parties, we expect many of these decisions to be the result of tight votes. 38 Degrees will therefore invest in enabling our members to engage with and influence their MPs. We plan to develop new technology, and invest more staff time, to support our members in contacting, meeting with, and persuading their elected representatives. This activity will aim both to increase the effectiveness of our campaigns, and to improve democratic engagement.

We will aim to involve as many people as possible in 38 Degrees, by offering an accessible range of ways to get involved, and through effective use of digital marketing to reach a wide range of audiences. We'll seek to maintain our reputation as a "broad church", by involving people from a wide range of viewpoints and maintaining strict political independence.

To realise all these ambitions, we'll need to increase our income. We'll aim to grow our income by 20% over 2017–18, by inspiring more people to donate and more of our donors to set up a regular monthly donation. We won't let our need for funds compromise our ethics or our independence: we'll continue with our policy of not taking any money from government, big business or political parties. That means we will continue to rely on small donations from thousands of ordinary people, and our income targets will only be reached if we deliver great campaigns which lots of people want to get involved with.

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 or audits, please contact us at emailtheteam@38degrees.org.uk.

Responsibilities of the directors

The directors are responsible for preparing the directors' annual report including 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.

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Directors' annual report

For the year ended 30 September 2017

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 1st February 2018 and signed on their behalf by

A handwritten signature in black ink, appearing to read 'S. Sen' or 'Srabani Sen', with a stylized, cursive script.

Srabani Sen
Chair

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Independent auditors report

For the year ended 30 September 2017

Opinion

We have audited the financial statements of 38 Degrees (the 'company') for the year ended 30 September 2017 which comprise the income and expenditure account, 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 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 2017 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) 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

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Independent auditors report

For the year ended 30 September 2017

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.

Independent auditors report

For the year ended 30 September 2017

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

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.

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to

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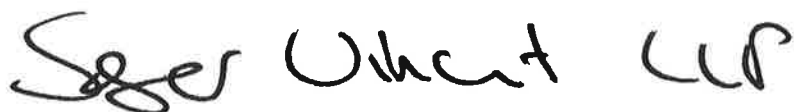
Independent auditors report

For the year ended 30 September 2017

the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

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.

A handwritten signature in black ink, appearing to read 'Sayer Vincent LLP', written over the printed name and firm name.

Noelia Serrano (Senior statutory auditor)

22 February 2018

for and on behalf of Sayer Vincent LLP, Statutory Auditor

Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

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Income and expenditure account

For the year ended 30 September 2017

			2017	2016
	Note	Restricted £	Unrestricted £	Total £
Income				
Donations	2	–	4,511,271	4,511,271
Bank interest		–	7,797	7,797
Energy switching income		–	288,528	288,528
Other		–	106,084	106,084
Total income		–	4,913,680	4,913,680
Expenditure	3			
Consultants' fees		–	19,988	19,988
Marketing		–	995,300	995,300
Website maintenance		–	341,585	341,585
Grant making	4	4,672	92,399	97,071
Campaign expenditure		–	1,430,309	1,430,309
Office costs		–	443,636	443,636
Legal and finance		–	19,197	19,197
Depreciation and losses on disposals	5	–	34,453	34,453
Staff costs	6	–	1,683,717	1,683,717
Trading costs		–	23,730	23,730
Alliance building direct costs		–	117,909	117,909
Other costs		–	529,595	529,595
Total expenditure		4,672	5,731,818	5,736,490
(Deficit)/surplus on ordinary activities before taxation		(4,672)	(818,138)	(822,810)
Taxation	7	–	(51,958)	(51,958)
(Deficit)/surplus on ordinary activities after taxation		(4,672)	(870,096)	(874,768)
Total funds brought forward		76,416	1,977,438	2,053,854
Total funds carried forward		71,744	1,107,342	1,179,086

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.

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Balance sheet

Company no. 6642193

As at 30 September 2017

	Note	£	2017 £	2016 £
Tangible fixed assets	8		7,834	41,446
Current assets				
Debtors	9	223,501		114,696
Cash at bank and in hand		<u>1,321,765</u>		<u>2,225,778</u>
		1,545,266		2,340,474
Creditors: amounts due within one year	10	<u>374,014</u>		<u>328,066</u>
Net current assets			<u>1,171,252</u>	<u>2,012,408</u>
Net assets			<u>1,179,086</u>	<u>2,053,854</u>
Funds	11			
Restricted funds			71,744	76,416
Unrestricted funds				
Innovation fund			135,174	135,174
General funds			972,168	1,842,264
Total funds			<u>1,179,086</u>	<u>2,053,854</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 1st February 2018 and signed on their behalf by



Srabani Sen – Chair

1. Accounting policies

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

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

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

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

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

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

1. Accounting policies (continued)

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

2. Donations

38 Degrees relies on donations for its income. To maintain our independence we do not accept money from government, big business or political parties. In this period, we received £4,545,271 in donations. £2,624,238 was donated by monthly direct debit, from 28,000 donors. £1,921,032 was given through one-off donations, comprising 269,549 donations from 133,995 donors, with an average donation of £7.13.

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

During the year 38 Degrees received £10,000 from Nick Maple.

Our energy switching income came from commission received during our Big Switch campaign. This campaign aims to challenge poor behaviour and high prices from the "Big Six" energy companies, by collectively switching to smaller, greener suppliers. This campaign was run in collaboration with the Big Deal. Further information can be found here:

<https://home.38degrees.org.uk/the-big-switch-help-page/>

3. Expenditure

Since the organisation became fully operational, the activities have been focussed on campaigning activity, most of which is conducted through web-based media. The expenditure for the year to 30 September 2017 has been analysed as follows:

	Campaigning	Fundraising	Governance	2017 Total	2016 Total
	£	£	£	£	£
Consultants' fees	19,188	400	400	19,988	9,062
Marketing	955,488	19,906	19,906	995,300	504,931
Website maintenance	327,921	6,832	6,832	341,585	251,766
Staff costs	1,616,369	33,674	33,674	1,683,717	1,359,863
Campaign expenditure	1,373,097	28,606	28,606	1,430,309	703,698
Office costs	425,890	8,873	8,873	443,636	334,977
Legal and finance	18,429	384	384	19,197	21,747
Depreciation	33,075	689	689	34,453	41,359
Grant Making	97,071	–	–	97,071	230,232
Trading costs	–	23,730	–	23,730	6,581
Alliance building direct costs	113,193	2,358	2,358	117,909	173,616
Other costs	508,411	10,592	10,592	529,595	439,020
	5,488,132	136,044	112,314	5,736,490	4,076,852

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3. Expenditure (continued)

Campaigning expenditure related to the following activities:	2017 £	2016 £
Protect the NHS	778,848	450,134
Protect public services	322,107	347,217
Stop TTIP	20,000	332,155
Campaigns By You	494,849	272,595
Stop Rupert Murdoch	247,316	-
People-powered Brexit	432,336	271,310
Tackle UK poverty	273,682	261,925
EU referendum fact checking and voter registration	-	245,873
Protect wildlife and the environment	242,620	212,900
Fair international trade deals	193,919	-
Save Britain's Bees	377,568	210,901
Alliance building	174,861	195,832
Stop tax dodging	-	167,737
Campaign wide	534,665	166,971
Support for 38 Degrees' members local campaigning	-	160,346
Protect the BBC	-	157,724
Improving politics and democratic accountability	172,795	141,819
Stop Fracking	92,360	-
Challenge bad corporate behaviour	-	126,136
Protect Human Rights and Civil Liberties	-	85,198
Member consultation	170,437	74,022
Refugees Welcome	-	25,733
Use your vote Election 2017	787,816	-
General Election 2015	-	2,115
Energy Price Cap	46,372	-
Energy Switching	81,794	-
Safer gambling	42,179	-
	<u>5,486,524</u>	<u>3,908,642</u>

4. Funds collected on behalf of other entities

During the year 38 Degrees collected a total of £34,000 on behalf of London's Air Ambulance, the Metropolitan Police Benevolent Fund and Hope Not Hate which was paid over to the organisations during the year. These amounts have not been included within income and expenditure for the year as 38 Degrees had no control over the use of these funds other than to pay them over to the respective organisation for which they were received.

5. (Deficit)/surplus on ordinary activities

This is stated after charging / crediting:

	2017 £	2016 £
Depreciation	34,453	41,359
Directors' remuneration	Nil	Nil
Directors' reimbursed expenses	4,152	262
Gains on disposal of assets	-	-
Auditors' remuneration:		
▪ Statutory audit	6,200	6,000
▪ Other services	900	800
	<u>40,655</u>	<u>48,161</u>

6. Staff costs

	2017 £	2016 £
Salaries and wages	1,473,662	1,199,656
Social security costs	154,827	120,441
Pension contributions	55,228	39,766
	<u>1,683,717</u>	<u>1,359,863</u>

This year, 38 Degrees spent £1,683,717 (2016: £1,359,863) 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 £38,000 (2016: £35,860) and the ratio between the highest and lowest paid was 3.0 to 1 (2016: 3.3 to 1). The highest salary was £70,000, and the highest paid member of staff was the Executive Director. In 2013 we launched the paid internship programme: paid interns are remunerated an entry level salary which is linked to the London Living Wage.

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 £846 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.

	2017 £	2016 £
UK corporation tax at 20%	<u>51,958</u>	<u>46,160</u>

8. Tangible fixed assets

	Improvements to leasehold £	Fixtures and Fittings £	Website development £	Computer equipment £	Totals £
Cost					
At the start of the year	31,791	21,173	58,296	55,483	166,743
Additions in year	–	841	–	–	841
At the end of the year	<u>31,791</u>	<u>22,014</u>	<u>58,296</u>	<u>55,483</u>	<u>167,584</u>
Depreciation					
At the start of the year	19,428	13,672	49,763	42,434	125,297
Charge for the year	10,597	6,909	7,332	9,615	34,453
At the end of the year	<u>30,025</u>	<u>20,581</u>	<u>57,095</u>	<u>52,049</u>	<u>159,750</u>
Net book value					
At the end of the year	<u>1,766</u>	<u>1,433</u>	<u>1,201</u>	<u>3,434</u>	<u>7,834</u>
At the start of the year	<u>12,363</u>	<u>7,501</u>	<u>8,533</u>	<u>13,049</u>	<u>41,446</u>

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Notes to the financial statements

For the year ended 30 September 2017

9. Debtors	2017 £	2016 £
Deposits paid	54,959	22,295
Prepayments and accrued income	158,228	53,264
Other debtors	10,314	39,137
	<u>223,501</u>	<u>114,696</u>

10. Creditors : amounts due within one year	2017 £	2016 £
Trade creditors	228,446	175,904
Accruals	9,600	37,494
Credit cards	10,918	16,120
Tax and social security	117,755	92,610
Pension creditor	7,295	5,938
	<u>374,014</u>	<u>328,066</u>

11a Movements in funds (current year)

	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
TTIP Open	4,672	-	(4,672)	-
Total restricted	<u>76,416</u>	<u>-</u>	<u>(4,672)</u>	<u>71,744</u>
Unrestricted funds:				
<i>Designated funds:</i>				
Innovation fund	135,174	-	-	135,174
General funds	<u>1,842,264</u>	<u>4,913,680</u>	<u>(5,783,776)</u>	<u>972,168</u>
Total unrestricted	<u>1,977,438</u>	<u>4,913,680</u>	<u>(5,783,776)</u>	<u>1,107,342</u>
Total funds	<u>2,053,854</u>	<u>4,913,680</u>	<u>(5,788,448)</u>	<u>1,179,086</u>

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For the year ended 30 September 2017

11b Movements in funds (prior year)

	At the start of the year £	Incoming and gains £	Expenditure and losses £	At the end of the year £
Restricted funds:				
Refugees	66,744	–	5,000	71,744
TTIP Open	114,672	–	(110,000)	4,672
Full Fact	–	61,727	(61,727)	–
Total restricted	181,416	61,727	(166,727)	76,416
Unrestricted funds:				
<i>Designated funds:</i>				
Innovation fund	135,174	–	–	135,174
General funds	986,267	4,812,282	(3,956,285)	1,842,264
Total unrestricted	1,121,441	4,812,282	(3,956,285)	1,977,438
Total funds	1,302,857	4,874,009	(4,123,012)	2,053,854

11. 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. We aim to hold approximately 6 months core running costs in reserve.

In 2016–17 we recognised that our reserves had grown higher than necessary for this purpose, and so invested in additional campaigning activities which led to a reduction of our reserves from £2,053,854 down to £1,179,086.

This means we currently hold about 5 months' core running costs in reserve. We will aim to bring this back closer to 6 months over the course of 2017–18.

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For the year ended 30 September 2017

12. Related party transactions

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

During the year 38 Degrees incurred £3,180 (2016: 8,208) of expenditure on behalf of OPEN which was recharged to them. 38 Degrees is also expected to make a contribution of £49,408 (2016: £27,252) towards OPEN for the current year. The balance outstanding at the year end is £26,920.

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

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

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

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

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

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