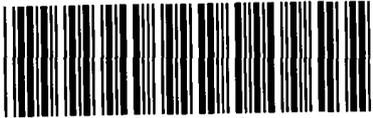


Company number: 06642193

# 38 Degrees

Report and financial statements  
For the year ended 30 September 2021

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**38 Degrees**

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**For the year ended 30 September 2021**

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### 38 Degrees

#### Reference and administrative details For the year ended 30 September 2021

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**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)	appointed as Chair 29 September 2021
Zoe Laycock	resigned 20 November 2020
Oluwabukola Obayiuwana	
Peter Tyson	
Ellie Ezeria	
Sarah Sternberg	
Sue Tibballs (Chair)	resigned 29 September 2021
Devin O'Shaunessey	
Patrick Vernon	

**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 2021.

## **Principal activities and review**

### **Aims 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 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, 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 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 millions of people together. Many of our most 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 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 supporters. We could not be more grateful for the support we receive.

### **Activities and Performance**

38 Degrees had another successful year campaigning on behalf of our supporters despite continuing to work under the restrictions of the COVID-19 pandemic. Our income fell by 16% from the previous year to £4,598,593 (2019-20: £5,447,277) largely due to restrictions on in-person campaigning caused by the pandemic as well as the re-set of our long-term strategy set out later in this report. A fall in income was expected and planned for. Despite this we still spent a total of £4,537,487 to deliver our campaigning work and ended the year with a £61,106 surplus before tax (2019-20: £130,171). Financially, this puts us in a good position to invest strongly in our new strategy in 2021-22 and beyond.

In the course of our statutory financial audit we discovered a historic error in our treatment of UK VAT on the purchase of overseas goods and services. Following a detailed investigation we have notified HMRC of the error and the sum owing of £105,420 relating to the period 1 April 2018 and 30 September 2019. This sum has been provided for in these accounts, and steps have been put in place to avoid future VAT errors. 38 Degrees de-registered for VAT from 1 October 2019 as all business activities since that date have been non-taxable.

Our supporters are the voice for our campaigns. The scale and passion of our supporter base is the power behind our success. Supporter engagement was lower in the year, consistent with reduced and restricted campaign activity. Nevertheless, our supporter base remained strong and active throughout the year, a testimony to a widespread commitment to social change during a challenging year for so many. The number of individual people who took at least one action with us in the year of was 3,467,426 (2019-20: 4,675,220), and they took an extraordinary 16,041,080 actions (2019-20: 18,523,789), making possible the successful campaigns that are described in more detail below. On our Campaigns By You platform, members of the public launched **5,261 separate petitions** (2019-20: 5,763) on a huge range of issues.

## 38 Degrees

### Directors' annual report

For the year ended 30 September 2021

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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):

- **Environment** - COP 26, Cumbria coal mine, wildlife conservation, airport expansion, and rewilding
- **Economic Justice** - Supporting people through the COVID-19 pandemic with a particular focus on Universal Credit, Free School Meals, Energy Bills and stopping companies and others tax dodging
- **Democracy** - Channel 4 and Parliamentary Standards
- **Public Services** - Asking the Government to give a pay rise to key workers and ensuring they have the right type of and enough PPE

Like many organisations in the non-profit sector, we experienced some staff turnover in the year. We ended the year with a headcount of 31 and a plan to modestly grow in the coming months. Looking ahead we plan targeted recruitment to bring in the skills and experience needed to deliver our new strategy (see below).

The whole 38 Degrees team continued to work from home throughout the year in light of the COVID-19 pandemic and government advice. With the lifting of restrictions in 2022 we are pleased to report that we have since secured new office space in London and access to a national network of co-working spaces which is allowing our team, many of whom are new, to build better and more productive working relationships. We have recruited a number of people remotely into the team during this period which has broadened the geographic spread of our team. We have continued to invest in many team wellbeing initiatives during this challenging time.

We have been humbled by the ongoing financial support and action of our supporters in another year of challenge 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.

## 2020/2021 Campaign highlights

### ENVIRONMENT

Our environment campaigning sharpened its focus this year, favouring specific issues and taking a more localised approach when we can. The new audience insight from nearly 18,000 supporters that we received in Q1 was critical to helping our team navigate this change and resulted in much more successful efforts in the second half of the year. Our supporters were most engaged with campaigns in which they felt the 'ask' matched the scale of the problem. It is difficult to believe a petition signature could be the start of real effort to meaningfully tackle a problem as large as the climate crisis but when it comes to issues like bee-killing pesticides or local airport expansions, our supporters were far more likely to take action.

#### Cumbria Coal Mine

A significant opportunity opened up in our ongoing campaign to stop the proposed Cumbria coal mine when the Secretary of State 'called in' the local Council's plans to approve the mine, which would have been the first of its kind in 30 years. The Council's approval of the mine was a feature part of our earlier Washington Post ad campaign that focused on the Government's weak commitment to climate action. The advert was placed to coincide with the Earth Day summit hosted by Joe Biden and attended by the Prime Minister. We were advised that this review would take months, which provided us with an opportunity to try and shift public opinion. We went out in the field with a detailed poll that tested a variety of talking points against the mine

and measured the response. We used this data to create a set of video ads that were targeted to the most persuadable or 'swing' audience in Cumbria. This campaign is still ongoing.

#### **Rewild Royal Land**

This campaign was a great example of partnership working done well. Wild Card, a volunteer-run campaigning organisation, approached us with their royal rewilding campaign and we felt this was the exact kind of issue our members would get excited about. Once the petition reached **over 100,000 signatures**, we assisted Wild Card in organising a hand-in at Buckingham Palace. The event featured a parade, children's choir, and appearance by naturalist Chris Packham.

Not only did the Palace open its gates to receive the petition, an extremely unusual action on their part, but the event was covered by almost every major UK news outlet: BBC, ITV, Channel 4, Sky News, LBC, Guardian, Daily Mail, Express, Independent, iNews, Evening Standard, Metro, The National, The Times, and even GB News. It was also picked up by news wire services PA, Reuters and AFP, which then meant it was covered by countless local UK newspapers (30+ by our count) as well as various international publications including Canada's public broadcaster CBC and France24. We also received a written response from the Queen's private secretary.

#### **COP 26 lead up**

The UK hosting COP 26 in Glasgow presented an excellent opportunity to pressure our lawmakers here at home to lead by example. There were already many organisations lobbying in advance of the conference and so it was crucial for us to understand the landscape, identify gaps, work in partnership, and contribute according to our unique strengths.

We deployed a number of tactics in the run up to the conference, beginning with a front page wrap ad in the *Washington Post* before the Prime Minister's Earth Day summit with President Biden, highlighting the Johnson Government's inconsistent record on climate change. This ad was featured in all editions of The Post delivered to Congress and the White House. We conducted both national and local polling, which was used to pitch media stories into the local areas of influential Conservative politicians including Rishi Sunak, Ben Houchen and Boris Johnson. We also purchased full and/or several page ads in the local papers of these leaders highlighting their area's strong support for significant commitments at COP 26. During COP, we also ran a full page ad in The Times with an open letter calling on all world leaders to take real action, signed by 18 groups across the world that represent millions of supporters. Overall, more than **241,188 supporter actions** were taken over the course of our campaign.

#### **DEMOCRACY**

38 Degrees continued our work in defending public service broadcasting from attacks as our supporters see it as critical to the health and wellbeing of our democracy.

#### **Channel 4**

When the Government announced a consultation on their latest plans to privatise Channel 4 in June, we immediately launched a petition calling on Channel 4 to be kept in public hands. The petition quickly gathered momentum and amassed **more than 150,000 signatures**, and supporters' voices added to the growing opposition to the plans - with even Sir David Attenborough accusing the Government of "short-sighted political and financial attacks".

38 Degrees supporters believe that Channel 4 is a part of British culture that we can be proud of. Privatising Channel 4 would undermine its remit of nurturing the UK creative sector, and its ability to provide jobs and opportunities around the UK. Given the important role our public service broadcasters play in educating, entertaining and informing the public, and our supporters' track record of defending them from government attacks (for instance, when hundreds of thousands of us jumped into action to protect the BBC in 2020), this was a very popular campaign for our organisation.

Although the DCMS committee are yet to publish a summary of responses, we know that **60,000 people fed into the Government's Channel 4 consultation** and of those, 40,000 were 38 Degrees supporters who had their say via our own dedicated consultation survey. The action proved so successful that outlets like The Times and City AM reported that the Culture Secretary's response to the consultation had to be delayed due to the overwhelming number of individual submissions.

### **Parliamentary Standards**

Our efforts to combat sleaze in politics have focused on lobbying and the ability of MPs to take on second jobs working for private businesses. We gave the public a voice to show the impact of a Government ripping up the rulebook to protect one of their own MPs, and defending paid consultancy. We showed it was not just a Westminster bubble issue - but one that the wider public cares deeply about.

We launched various petitions with asks ranging from stamping out dodgy corporate lobbying in Parliament, to commissioning polling to gain a greater understanding of the public's perception of corruption and sleaze in politics. This resulted in both the Prime Minister and Leader of Opposition backing a ban on MPs consultancy pay.

Our supporters have also emailed MPs demanding that we keep scrutiny of Parliament independent, to thank those who have stood up for our democracy and to demand an extension of the Freedom of Information Act.

## **PUBLIC SERVICES**

Our work on Public Services in the year focussed on the NHS and access to public medical services. The NHS was central to the national story of the year, both in terms of ensuring that there was a successful COVID-19 vaccination roll out, and a huge public response to thank the hard working staff. Alongside this the economic impact of COVID-19 was widespread, so ensuring that people in the UK continue to have affordable access to healthcare was paramount to the concerns of our supporters.

### **NHS**

Our work on the NHS has been varied and impactful in equal measure. At the start of this year as the COVID-19 vaccine rollout went into effect, we launched a campaign to promote its uptake, producing posters, tote bags and stickers for supporters to use as they encouraged their friends and family to get vaccinated.

Our focus then turned towards securing a real terms pay rise for NHS frontline workers. After the Government announced they would only receive a 1% pay rise, we launched a campaign that combined petitions, emails to MPs, an MP leaderboard and even supporting a nurse pushing a wheelbarrow with £3,500 in cash in it to Downing Street. The cash represented the £3.50 a week pay rise that was being

returned in protest by a thousand nurses. The Downing Street action was covered extensively by national TV news.

We have also worked to push back against the Government's plans to charge over 60s for prescriptions. One of our largest supporter-started petitions of the year, **at over 190,000 signatures**, was a huge contribution to the official Government consultation. We are currently awaiting a response, and will continue to campaign against this if the Government presses ahead with its plans.

## **ECONOMIC JUSTICE**

Our Economic Justice campaigning this year focussed primarily around the impact of COVID-19 and Brexit on the cost of living of people in the UK. We harnessed the case studies and experiences of 38 Degrees supporters, ensuring they were central to all campaigns.

### **Free Schools Meals**

The year started with over 1 million people signing a petition started by a member of the public, questioning why MPs received subsidised food in Parliament at the same time that many voted against providing free school meals to needy children. We focussed this energy to put pressure on the Government to support Free School Meals in parallel with footballer Marcus Rashford's campaign, and several of our supporters were featured in the news. Eventually we saw the Government U-turn and provide free school meals over school holidays.

### **Tax Inequality**

We also supported large campaigns focussed on stopping corporate tax avoidance and making our tax system fairer. Hundreds of thousands of people got involved in campaigns calling for an increase in capital gains tax and the introduction of global corporation tax rates which was later adopted by the G7. When the Pandora papers broke and the scale of tax dodging by wealthy individuals was made clear, over 115,000 people called on the Government to crack down on tax loopholes and our petition was delivered to Downing Street.

### **Universal Credit**

A long running campaign on Universal Credit saw supporter case studies extensively covered in the national press and talked about in Parliament. Nearly 200,000 signed our petition and tens of thousands wrote to our MPs and fed into opinion polls. This culminated in the Government extending a temporary uplift to Universal Credit and then later changing the rules around the taper rate, so that working people on Universal Credit were better off.

### **Daily Lives**

We also focussed campaigns on the issues that affect the daily lives of millions of people in the UK. Tens of thousands of supporters fed into an Ofgem consultation calling on energy companies to refund over charged customers, resulting in Ofgem themselves calling 38 Degrees to ask how we'd managed to engage so many people. Likewise huge numbers fed into a Government consultation around access to banking services in the light of 'high street' branches being closed. Thousands of us also fed into Government consultations around flexible working and post COVID-19 workplace measures.

### **Windrush**

In the light of the Windrush scandal and the subsequent poor performance of the Government's

compensation scheme, over 100,000 people called on the Government to improve the scheme. This resulted in Home Secretary Priti Patel announcing a swathe of changes to the scheme in Parliament to improve it. More recently a cross party group of MPs has now joined our call to make the scheme independent of Government.

And finally, we also saw success in a long running campaign to give UK passports to Hong Kong servicemen who had previously served in HM Armed Forces.

## **Plans for the future - our newly defined strategic direction**

At the start of this year, 38 Degrees embarked on a significant project - to define what our vision for the country looks like, and to work out how we, as a community of more than 2 million people, can help move the UK closer towards that vision over the next 5 years. This new strategic direction will, we hope, help make 38 Degrees an even more impactful engine for change, with campaigns which speak to the priorities and daily lives of millions of people across the country and offer them a way of making their voices heard and creating change on the issues that matter to them.

We didn't do it alone. We sought the help and guidance of numerous leaders in the worlds of politics, campaigning and the media to help probe our thinking and push our ambition. And *most* importantly, we engaged thousands upon thousands of 38 Degrees supporters. Be that by bringing in experts to conduct cutting edge research and analysis of the millions of people in our community to understand their lives, priorities and opinions. Or in focus groups, which we conducted around the country, with current supporters and with members of the wider public. We asked important questions about what they all wanted our country to look like, and what they hoped an organisation like ours could do to deliver it. And we asked hard questions too, about what we should start and stop doing.

The outcome of months of work has been a clear vision, direction and plan that we are now pursuing **with full force**. We have often been asked what our agenda is. Well now, having had the conversations and tested the ideas with our community and beyond, we have a clear vision that we can say we are *all* working towards:

### ***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.*

So what are we focusing on over the next year? Our priorities are clear:

**38 Degrees**  
**Directors' annual report**  
**For the year ended 30 September 2021**

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- telling the story of the Britain we hope to become and how 38 Degrees can help us get there
- growing our community so that it looks even more like the country we are trying to change
- putting real lives and experiences of our supporters front and centre - *that means that on TV and radio, you are much more likely to see a nurse who has taken part in a NHS campaign through 38 Degrees, talking about why they care and what they want to see change, rather than a member of our team!*
- measuring and evaluating where we have impact, and how we can have even more

And, of course, 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 report**

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

## **Responsibilities of the directors**

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

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

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

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

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

**38 Degrees**  
**Directors' annual report**  
**For the year ended 30 September 2021**

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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.

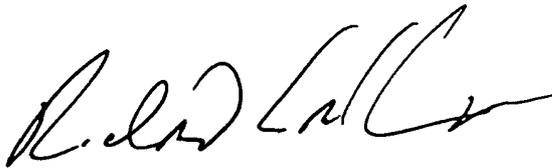
Each of the directors confirms that to the best of his/her knowledge there is no information relevant to the audit of which the auditor is unaware. Each of the directors also confirms that he/she has taken all necessary steps to ensure that he/she is aware of all relevant audit information and that this 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 June 2022 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 2021 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 2021 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**

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- 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](http://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)

24 June 2022

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 2021**

	Note	2021 £	2020 £
<b>Income</b>			
Donations	2	4,595,825	5,442,993
Bank interest		2,768	3,409
Other		-	875
<b>Total income</b>		<b>4,598,593</b>	<b>5,447,277</b>
<b>Expenditure</b>			
Consultants' fees	3	364,298	139,888
Marketing		21,157	105,113
Website maintenance		283,266	336,841
Grant making	4	29,492	124,334
Campaign tactical expenditure		1,042,173	1,152,805
Office costs		281,970	686,459
Legal and finance		269,181	368,545
Depreciation	8	2,401	3,877
Staff costs	6	2,032,522	2,126,009
Trading costs		-	194
Alliance building direct costs		56,939	68,467
Other costs		154,088	204,574
<b>Total expenditure</b>		<b>4,537,487</b>	<b>5,317,106</b>
<b>Surplus on ordinary activities before taxation</b>		<b>61,106</b>	<b>130,171</b>
Taxation	7	(2,217)	-
<b>Surplus on ordinary activities after taxation</b>		<b>63,323</b>	<b>130,171</b>
<b>Total funds brought forward</b>		<b>2,286,392</b>	<b>2,156,221</b>
<b>Total funds carried forward</b>		<b>2,349,715</b>	<b>2,286,392</b>

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

**38 Degrees (Company no. 6642193)**  
**Balance Sheet**  
**As at 30 September 2021**

	Note	£	2021 £	£	2020 £
<b>Tangible fixed assets</b>	8		<b>3,163</b>		<b>5,564</b>
<b>Current assets</b>					
Debtors	9	<b>48,495</b>		<b>53,868</b>	
Cash held on deposit		<b>339,234</b>		<b>680,239</b>	
Cash at bank and in hand		<b>2,617,501</b>		<b>1,844,784</b>	
			<b>3,005,230</b>		<b>2,578,891</b>
<b>Creditors: amounts due within one year</b>	10		<b>(658,678)</b>		<b>(298,063)</b>
<b>Net current assets</b>			<b>2,346,552</b>		<b>2,280,828</b>
<b>Net assets</b>			<b>2,349,715</b>		<b>2,286,392</b>
<b>Funds</b>	11				
Unrestricted funds					
General funds			<b>2,349,715</b>		<b>2,286,392</b>
<b>Total funds</b>			<b>2,349,715</b>		<b>2,286,392</b>

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 June 2022 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. As part of their assessment, the Directors have considered the continued 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

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) 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 89.7%, Support team 9.0%, Governance 1.3%.
- 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.

## 38 Degrees

### Notes to the financial statements

For the year ended 30 September 2021

#### 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, corporate donors or political parties. In this period, we received £4,595,825 in donations. £3,124,005 was donated by monthly direct debit, from 35,106 donors. £3,167,845 was given through one-off donations, comprising 161,374 donations from 88,468 donors, with an average donation of £8.87.

#### 3. Expenditure

Expenditure is allocated to activities based on actual costs incurred. The expenditure for the year to 30 September 2021 has been analysed as follows:

	2021	2021	2020	2020
	£	%	£	%
Campaigning & Fundraising	4,068,560	89.7%	4,714,889	88.7%
Support team	410,114	9.0%	410,779	7.7%
Governance	58,813	1.3%	191,438	3.6%
	<u>4,537,487</u>	<u>100.0%</u>	<u>5,317,106</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 89.0% 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, administration and daily operations.

**Governance costs;** this includes costs such as audit, legal fees and in relation to Data Protection compliance. Plus other costs relating to the board of trustees, who play an important role in holding the organisation to account and helping set our campaign strategy. In the prior year, our governance costs were slightly higher than usual, due to 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.

**38 Degrees**  
**Notes to the financial statements**  
**For the year ended 30 September 2021**

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**4. Funds granted to other entities**

During the year 38 Degrees granted £29,492 to Good Law Project.

**5. Surplus on ordinary activities**

This is stated after charging / crediting:

	2021 £	2020 £
Depreciation	2,401	3,877
Directors' remuneration: services performed as a director	-	-
Directors' remuneration: other services (see Note 12)	2,800	-
Directors' reimbursed expenses	63	55
(Loss) on disposal of assets	-	(800)
Auditors' remuneration (excluding VAT):		
Statutory audit	7,300	9,150
Other services	1,075	1,050
	<u>1,075</u>	<u>1,050</u>

**6. Staff costs**

	2021 £	2020 £
Salaries and wages	1,724,139	1,806,043
Social security costs	191,389	198,328
Pension contributions	116,994	121,638
	<u>2,032,522</u>	<u>2,126,009</u>

The average salary was £48,127 (2020: £47,831). 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 £78,155. The ratio between the highest and lowest paid was 2.89 to 1 (2020: 2.82 to 1), based on total remuneration figures.

The average number of employees (head count based on staff employed) during the year was 37.2 (2020: 40.3).

**Gender pay gap:**

38 Degrees supports campaigns for companies to report on the gap between male and female pay. In the year to September 2021, men earned on average £2,208 more than women (2020: women earned £807 more than men).

**38 Degrees**  
**Notes to the financial statements**  
**For the year ended 30 September 2021**

**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.

	2021 £	2020 £
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	-
	<u>(2,217)</u>	<u>-</u>

**8. Tangible fixed assets**

	Website development £	Computer equipment £	Totals £
<b>Cost</b>			
At the start of the year	58,296	11,410	69,706
Additions in year	-	-	-
Disposals in year	-	-	-
At the end of the year	<u>58,296</u>	<u>11,410</u>	<u>69,706</u>
<b>Depreciation</b>			
At the start of the year	58,296	5,846	64,142
Charge for the year	-	2,401	2,401
Disposals in year	-	-	-
At the end of the year	<u>58,296</u>	<u>8,247</u>	<u>66,543</u>
<b>Net book value</b>			
At the end of the year	<u>-</u>	<u>3,163</u>	<u>3,163</u>
At the start of the year	<u>-</u>	<u>5,564</u>	<u>5,564</u>

**9. Debtors**

	2021 £	2020 £
Deposits paid	2,694	8,597
Prepayments and accrued income	44,871	43,047
Other debtors	930	2,224
	<u>48,495</u>	<u>53,868</u>

**38 Degrees**  
**Notes to the financial statements**  
**For the year ended 30 September 2021**

**10. Creditors: amounts due within one year**

	2021 £	2020 £
Trade creditors	151,384	128,191
Accruals	357,694	100,374
Tax and social security	149,587	56,580
Pension creditor	13	12,918
	<u>658,678</u>	<u>298,063</u>

**11. Movements in funds**

Current Year	1 Oct 2020	Income	Expenditure including taxation	Transfers	30 Sep 2021
	£	£	£	£	£
Unrestricted funds:					
General funds	2,286,392	4,598,593	(4,535,270)	-	2,349,715
Total unrestricted funds	<u>2,286,392</u>	<u>4,598,593</u>	<u>(4,535,270)</u>	<u>-</u>	<u>2,349,715</u>
Total funds	<u>2,286,392</u>	<u>4,598,593</u>	<u>(4,535,270)</u>	<u>-</u>	<u>2,349,715</u>
<i>Prior Year</i>					
	1 Oct 2019	Income	Expenditure including taxation	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	<u>2,156,221</u>	<u>5,447,277</u>	<u>(5,317,106)</u>	<u>-</u>	<u>2,286,392</u>
Total funds	<u>2,156,221</u>	<u>5,447,277</u>	<u>(5,317,106)</u>	<u>-</u>	<u>2,286,392</u>

**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. The balance on the innovation fund was transferred to the general fund at the year end 30 September 2020, on the basis that investments were typically drawn from the general fund instead.

**12. Related party transactions**

Sue Tibballs, a Director, was paid £2,800 in the year for support of the 38 Degrees strategic review. There were no other related party transactions to declare for the 2020/21 year (2019/20 none).