

Company no. 6642193

38 Degrees
Report and Financial Statements
30 September 2013

sayer vincent

auditors and advisors

38 Degrees

Reference and administrative details

For the year ended 30 September 2013

Status	The organisation is a company limited by guarantee established on a not-for-profit basis
Company number	6642193
Registered office	8 Angel Gate City Road LONDON EC1V 2SJ
Operational address	40 Bowling Green Lane LONDON EC1R 0NE
Directors	Ben Brandzel Paul Hilder Peter Myers Gemma Mortensen Gordon Roddick (Chair) Benedict Southworth Henry Tinsley Clare Algar - appointed November 2012
Bankers	Triodos Bank Brunel House 11 The Promenade Bristol BS8 3NN Co-operative Bank 1 Islington High Street London N1 9TR
Auditors	Sayer Vincent LLP Chartered accountants and statutory auditors 8 Angel Gate City Road London EC1V 2SJ

38 Degrees

Report of the directors

For the year ended 30 September 2013

The directors present their report and the audited financial statements for the year from 1 October 2012 to 30 September 2013.

Principal activities and review

Aim and objectives

38 Degrees launched in May 2009 and is now the biggest online campaigning community in the UK. We share a desire for a more 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 be a 38 Degrees member. We're united by a set of shared values; to defend 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 to 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 had a great year, with some significant campaign successes and a growing profile for the organisation.

We grew in this period from 1,100,000 members to 1,900,000 members, who collectively took action over 6,500,000 times. 38 Degrees members organised over 600 local events, including discussions, petition hand-ins, public meetings, dinners and local walks. We spent a total of £1,324,988.

Our main activity in this period was campaigning, which cost £1,175,576. We also undertook fundraising work, which cost £86,331. Organisational governance cost £63,081.

Campaigning work related to the following areas:

- wildlife/environment
- the gagging law
- nhs
- human rights/civil liberties
- fairer society and economy
- political reform
- public services
- other initiatives including 'Campaigns By You'
- cross campaign member consultation

Notable campaign successes included:

- Campaigns By You - we've successfully moved our "build your own petition" platform from a small pilot to a large, fully-fledged platform. In the past year almost 3,000 people started petitions, attracting 1,243,923 signatures
- Saving Lewisham Hospital - 38 Degrees members helped launch a legal challenge which reversed government plans to shut A&E services at Lewisham Hospital in south London
- No Nuclear Waste dump in the Lake District – 38 Degrees members helped persuade councils in Cumbria to block proposals for a nuclear waste dump

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Report of the directors

For the year ended 30 September 2013

- Bees - 38 Degrees members helped highlight the threat to bees from neonicotinoid pesticides, and celebrated when a Europe-wide ban was introduced
- Npower tax dodgers – 38 Degrees members funded research which exposed Npower's use of Maltese subsidiaries to funnel profits out of the UK tax-free. The story made the front page of The

We have also been proud to work with a large number of organisations. These have included:

The Save Lewisham Hospital Campaign, Avaaz, The Consumer Association, Amnesty International, the Children's Society, the Ramblers' Association, the Woodland Trust, the National Trust, RSPCA, the Badger Trust, Liberty, Big Brother Watch, The Royal College of GPs, Keep Our NHS Public, the Social Liberal Forum, the Institute for Government, the Hansard Society, the Institute of Ideas, Friends of the Earth, Greenpeace, WWF, the End Child Poverty Coalition, the Alliance for Lobbying Transparency, Unlock Democracy, the Electoral Reform Society, the Royal British Legion, ActionAid, the NUS, the NUJ, the New Economics Foundation, Ethical Consumer Magazine, the Institute for Consumer Affairs, Compassion in World Farming, the World Society for the Protection of Animals, the Royal Society for the Protection of Birds, Antislavery International, the NHS Support Federation, the Open Rights Group, People and Planet, the World Development Movement, Platform, Tripping up Trump, Oxfam, and the Robin Hood tax campaign.

Plans for the future

Over the next year, 38 Degrees aims to engage even more people in campaigning to make the UK a better place. We hope to pass 2.5 million members before the year is out. We aim for this to both reinvigorate democracy and deliver positive campaigning impact upon UK society.

We aim to deepen the involvement of our members in different types of campaigning, offering them more ways to take part. We expect this to involve a greater amount of off-line activity; campaigns focused on the policies of devolved government and business as well as the Westminster government; and new online tools to enable our members to develop and run their own campaigns.

Campaigning choices over the next 12 months will be driven by our membership, who take part in votes and surveys to decide our campaigns and the tactics which we then deliver. Based on poll results so far, key priorities are likely to include:

- Standing up for the NHS in the face of privatisation, cuts and restructuring
- Speaking up for every citizen's right to get involved in campaigns and for civil society's role in democracy
- Campaigning for better regulation to rein in abuse of zero hours contracts
- Campaigning against fuel poverty and for fairer pricing of gas and electricity
- Ensuring strong protections for the UK's wild spaces, safeguarding them for future generations, wildlife, and the general public.
- Campaigning for tougher measures to reduce the amount of revenue lost to tax avoidance and tax evasion
- Campaigning for strong action to tackle climate change
- Campaigning for a healthy future for public service broadcasting and the BBC
- Campaigning for social and economic policies which promote fairness and reduce poverty
- Campaigning to protect Civil Liberties and human rights

We also expect to devote a growing amount of resources to supporting campaigns created by our members using our new "Campaigns By You" platform.

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Report of the directors

For the year ended 30 September 2013

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 audits, please email donations@38degrees.org.uk.

Please note that this report regards the activities of 38 Degrees Ltd. It is not a report about the 38 Degrees Trust, which is a separate and independent entity, nor does it address the question of which of the activities of 38 Degrees Ltd are of charitable purpose.

Responsibilities of the directors

The directors are responsible for preparing the directors' 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 presume 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 auditors are 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 auditors.

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Report of the directors

For the year ended 30 September 2013

Auditors

Sayer Vincent were re-appointed as the company's auditors during the year and have expressed their willingness to continue in that capacity.

The directors' report has been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

Approved by the directors on 04/04/14 and signed on their behalf by



Gordon Roddick - Director

Independent auditors' report

To the members of

38 Degrees

We have audited the financial statements of 38 Degrees for the year ended 30 September 2013 which comprise the income and expenditure account, balance sheet and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors' 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.

Respective responsibilities of directors and auditors

As explained more fully in the responsibilities of the directors set out in the report of the directors, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the company's state of affairs as at 30 September 2013 and of its results for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the report of the directors for the period for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report

To the members of

38 Degrees

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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 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 and the directors' report in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors report.

Handwritten signature in black ink that reads "Sayer Vincent LLP".

Catherine L Sayer (Senior statutory auditor)

17 April 2014

for and on behalf of Sayer Vincent LLP, Statutory Auditors
8 Angel Gate, City Road, LONDON EC1V 2SJ

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Income and expenditure account

For the year ended 30 September 2013

	Note	2013 £	2012 £
Income			
Donations	2	1,717,508	1,401,175
Bank interest		2,737	541
Other		-	750
Total income		<u>1,720,245</u>	<u>1,402,466</u>
Expenditure	3		
Consultants' fees		5,524	665
Marketing		72,000	5,336
Website maintenance		106,773	100,554
Staff costs	5	562,472	353,389
Campaign expenditure		203,765	436,071
Office costs		120,506	81,578
Legal and finance		138,893	82,285
Depreciation		4,521	4,852
Other costs		110,534	40,672
Total expenditure		<u>1,324,988</u>	<u>1,105,402</u>
Surplus on ordinary activities before other gains and losses		395,257	297,064
Realised exchange rate gains		-	136
Surplus on ordinary activities after other gains and losses before taxation		395,257	297,200
Taxation	6	(548)	(135)
Surplus on ordinary activities after taxation		394,709	297,065
Total funds brought forward		820,537	523,472
Total funds carried forward		1,215,246	820,537

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

38 Degrees**Balance sheet**

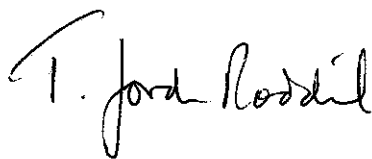
Company no. 6642193

As at 30 September 2013

	Note	£	2013 £	2012 £
Tangible fixed assets	7		50,338	2,842
Current assets				
Debtors	8	33,562		20,302
Cash at bank and in hand		1,218,327		909,374
		1,251,889		929,676
Creditors: amounts due within one year	9	86,981		111,981
Net current assets			1,164,908	817,695
Net assets			1,215,246	820,537
Funds				
Unrestricted funds				
Innovation fund			135,174	135,174
General funds			1,080,072	685,363
Total funds			1,215,246	820,537

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

Approved by the directors on 04/04/14 and signed on their behalf by



Gordon Roddick - Director

38 Degrees

Notes to the financial statements

For the year ended 30 September 2013

1. Accounting policies

- a) The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and the Companies Act 2006.
- b) 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.

- c) 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.
- d) 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.
- e) Designated funds are funds earmarked by the directors for particular purposes.
- f) Expenditure is allocated to activities based on the estimated amount of staff time spent on an activity. The proportions calculated were: Campaigning - 87% Fundraising - 5% Governance - 7%.
- g) 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.

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 £1,717,508 in donations. £405,170 was donated by monthly direct debit, from 5,772 donors. £1,312,438 was given through one-off donations, comprising 105,567 donations from 64,146 donors, with an average donation of £12.43.

We are committed to transparency in donations and publish details of any donors whose contribution totals over £7,500 within the accounting period. We have not received any donations above this threshold in the year to 30 September 2013.

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Notes to the financial statements

For the year ended 30 September 2013

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 2013 has been analysed as follows:

	Campaigning £	Fundraising £	Governance £	2013 Total £	2012 Total £
Consultants' fees	4,861	276	387	5,524	665
Marketing	72,000	-	-	72,000	5,336
Website maintenance	106,773	-	-	106,773	100,554
Staff costs	494,975	28,124	39,373	562,472	353,389
Campaign expenditure	203,765	-	-	203,765	436,071
Office costs	106,046	6,025	8,435	120,506	81,578
Legal and finance	85,907	46,153	6,833	138,893	82,285
Depreciation	3,979	226	316	4,521	4,852
Other costs	97,270	5,527	7,737	110,534	40,672
	1,175,576	86,331	63,081	1,324,988	1,105,402

Campaigning expenditure related to the following activities:

	2013 £	2012 £
Fairer Society and Economy	137,067	101,798
Political Reform	81,863	-
Human Rights and Civil Liberties	134,630	84,766
Stop Rupert Murdoch	-	6,354
Cross campaign - polling, consultation	31,500	52,339
NHS	223,104	626,438
Public Services	61,996	-
Save Our Forests	-	27,106
Wildlife and the Environment	185,685	98,454
Gagging law	116,760	-
Other initiatives including 'Campaigns by You'	202,971	-
	1,175,576	997,255

4. Surplus on ordinary activities

This is stated after charging / crediting:

	2013 £	2012 £
Depreciation	4,521	4,853
Directors' remuneration	Nil	Nil
Directors' reimbursed expenses	-	26
Auditors' remuneration:		
▪ Audit	5,400	5,250
	5,400	5,250

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Notes to the financial statements

For the year ended 30 September 2013

5. Staff costs

	2013 £	2012 £
Salaries and wages	499,809	316,110
Social security costs	53,585	31,700
Pension contributions	9,078	5,579
	<u>562,472</u>	<u>353,389</u>

This year, 38 Degrees spent £499,809 (2012: £316,110) on staff remuneration. The average salary was £33,623 (2012: £37,208) and the ratio between the highest and lowest paid was 3.1 to 1 (2012: 2.5 to 1). The principle reason for variations in these numbers from 2012 the launch in 2013 of our paid internship programme: paid interns are remunerated an entry level salary which is linked to the London Living Wage.

6. Taxation

All activities are funded by donations and so 38 Degrees has no trading income and no taxable income.

Corporation tax is only payable on bank interest earned and gains on foreign exchange transactions.

	2013 £	2012 £
UK corporation tax at 20%	<u>548</u>	<u>135</u>

7. Tangible fixed assets

	Improvements to leasehold £	Fixtures and Fittings £	Website development £	Computer equipment £	Totals £
Cost					
At the start of the year	-	-	36,300	5,895	42,195
Additions in year	32,570	7,004	-	12,443	52,017
At the end of the year	<u>32,570</u>	<u>7,004</u>	<u>36,300</u>	<u>18,338</u>	<u>94,212</u>
Depreciation					
At the start of the year	-	-	36,300	3,053	39,353
Charge for the year	-	1,068	-	3,453	4,521
At the end of the year	<u>-</u>	<u>1,068</u>	<u>36,300</u>	<u>6,506</u>	<u>43,874</u>
Net book value					
At the end of the year	<u>32,570</u>	<u>5,936</u>	<u>-</u>	<u>11,832</u>	<u>50,338</u>
At the start of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,842</u>	<u>2,842</u>

38 Degrees

Notes to the financial statements

For the year ended 30 September 2013

8. Debtors	2013 £	2012 £
Deposits paid	9,780	8,310
Prepayments	23,782	11,883
Other debtors	-	109
	<u>33,562</u>	<u>20,302</u>

9. Creditors : amounts due within one year	2013 £	2012 £
Trade creditors	46,578	82,272
Accruals	12,438	6,326
Credit cards	8,284	4,151
Tax and Social Security	16,640	15,615
Pension creditor	3,041	3,617
	<u>86,981</u>	<u>111,981</u>

10. Movements in funds

	At the start of the year £	Incoming resources £	Outgoing resources £	Exchange gains £	At the end of the year £
Unrestricted funds:					
<i>Designated funds:</i>					
Innovation fund	135,174	-	-	-	135,174
<i>Total designated funds</i>	135,174	-	-	-	135,174
General funds	685,363	1,720,245	(1,324,988)	-	1,080,620
Total unrestricted	820,537	1,720,245	(1,324,988)	-	1,215,794
Total funds including	<u>820,537</u>	<u>1,720,245</u>	<u>(1,324,988)</u>	-	<u>1,215,794</u>

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.