



MCS Charitable Foundation

Consolidated Financial Statements

Period Ended 31 December 2020

Charity registration number: 1165752
Company registration number: 10119873

MCS Charitable Foundation

Financial Statements

Period Ended 31 December 2020

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MCS Charitable Foundation

Charity Reference and Administrative details

Period Ended 31 December 2020

Charity registration number 1165752

Company registration number 10119873

Trustees Sandra Elizabeth Walmsley – Chair until 3 February 2021
Steven David Gould (Resigned 22 December 2020)
Nicholas Moule Whitaker
Fabio Silva Nehme – Chair since 3 February 2021
Charlotte Emma Powell
Gareth John Williams – Vice Chair since 3 February 2021
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MCS Charitable Foundation

Trustees' Annual Report (Including Directors Report and Strategic Report)

Period Ended 31 December 2020

The Trustees (who are also directors of the Charity for the purposes of the Companies Act) present their annual report together with the audited consolidated financial statements of MCS Charitable Foundation (the Foundation) for the period 1 April 2020 to 31 December 2020.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2019.

Origins and History of the Foundation

The Microgeneration Certification Scheme (MCS) was set up by the Government in 2008 to certify buildings scale renewable electricity and heat products and installers to provide assurance to consumers about the quality and standard of their installation.

The MCS has played an important part in the growth of the installation of renewables in homes and small businesses.

The Government transferred the assets comprising the Microgeneration Certification Scheme, as well as the MCS Fund (the historical profits from the operation of the scheme), to the MCS Charitable Foundation on 25 April 2018.

The Department for Business, Energy and Industrial Strategy (BEIS) worked closely with the industry to ensure the MCS Charitable Foundation objects reflect how it would wish to see the MCS Fund used to support consumers' protection and the take-up of renewable and low carbon technologies.

The MCS Service Company now operates as a trading arm of the Charitable Foundation, so that the important certification services can continue, with the oversight of the Charitable Foundation. Future surplus income from the Service Company will be added to the MCS Foundation Fund.

The Foundation aims to fulfil a number of charitable objects, including;

- educating the public about;
- promoting research about;
- improving the quality of;
- supporting the development of standards for; and
- raising confidence and consumer awareness of renewable energy and low carbon technologies.

These objects sit within the Foundation's overall vision of a world where everyone has access to affordable and reliable renewable energy.

The Foundation's mission is to accelerate the widespread adoption of renewable energy and low carbon technologies and its work programme is focused on driving and supporting a step-change in action towards achieving the net zero emission target in buildings and communities.

MCS Charitable Foundation

Trustees' Annual Report (Including Directors Report and Strategic Report)

Period Ended 31 December 2020

Structure, Governance and Management

The MCS Charitable Foundation is a registered charity (no. 1165752) and a limited company (no. 10119873). Its constitution is its Memorandum and Articles of Association. The company was incorporated on 12 April 2016.

On 25 April 2018 the Foundation became the parent undertaking of The MCS Service Company Limited (Company registration number 07759366), a company limited by guarantee. This report consolidates the financial reporting of the Group.

Trustees (including Recruitment and Training)

Overall strategic direction and decisions rest with the Board of Trustees. The Trustees were recruited in accordance with the Memorandum and Articles of Association of the charitable foundation. The Trustees during the year were as follows:

Sandra Elizabeth Walmsley – Chair until 3 February 2021
Fabio Silva Nehme – Chair from 3 February 2021
Gareth Williams – Vice Chair from 3 February 2021
Nicholas Moule Whitaker
Charlotte Emma Powell
Magdalena Zarowiecki
Steven David Gould – resigned 22 December 2020.

The year marked the first full period of operation of the Charity. A Strategic Plan and budget were agreed at the beginning of 2020 following a period of stakeholder consultations. This provided the basis for the launching of an open grants programme and a research and advocacy function aimed at supporting and driving strategic action to accelerate adoption of renewable energy and the decarbonisation of the UK's homes and buildings. To support this, the Charity began to further grow its executive leadership team during the year, with an experienced charity advocacy professional joining as Director of External Affairs in July.

As such the Board continued to move to a more strategic role during the year, meeting on alternative months and with more functions delegated to the executive team.

Joint working between MCS Charitable Foundation and its subsidiary, MCS Service Company (which runs the MCS standards scheme), was also increased during the year, including through the introduction of a shared external affairs function under the new Director of External Affairs. The two Chief Executives also work increasingly closely together in planning the activities of the MCS Group and monitoring performance.

In addition, to support moves towards a more integrated strategy across MCS Group aimed at realising the substantial opportunities for high growth in the sector, Trustees began a process of reviewing the Group's governance structures. This included the commissioning of a governance review, to take place during the first half of 2021, aimed at preparing the Group for a significant expansion of activities focused on broadening its role as a convenor of the sector.

The Trustees continue to seek to follow the good practice set out by "The Essential Trustee" issued by the Charity Commission and "The Good Trustee Guide" published by the NCVO. Succession planning and recruitment of new Trustees for their experience, empathy and knowledge of the charitable foundation and its objectives, is undertaken by the Board as a whole. Four new Trustees had joined the Board in March 2019, so during this year Board membership remained constant and no new recruitment was planned.

The Trustees consider that the Board of Trustees and the Chief Executive Officer comprise the key management personnel of the Charity, the former in charge of overall strategic direction and governance, and the latter running and operating the Foundation on a day to day basis. All Trustees give their time freely and no Trustee received remuneration in the year. Details of Trustees' expenses and related party transactions are disclosed in the notes to the accounts. The pay band of the Chief Executive Officer is set by the Board of Trustees and reviewed periodically. The pay bands for other staff are set by the Chief Executive

Officer as part of a framework across MCS Group. The remuneration is set to ensure it is fair and will attract and retain staff of the appropriate calibre and experience required by the Foundation.

The Foundation is a member of the National Council of Voluntary Organisations and the Association of Charitable Foundations which both provide helpful information and training on good practice, changes in the law affecting charities and act as an authoritative lobby on behalf of charitable foundations with government and regulators. Trustees use NCVO and ACF resources and events to keep up-to-date.

Trustees are required to disclose all relevant interests and register them with the Board. In the event of a conflict of interest or loyalty, the Foundation's policy is that Trustees should withdraw from the decision-making process.

Risk Management

The Trustees have assessed the major risks to which the Charity is exposed, in particular, those related to the operations and finances of the Charity.

The principal risks and uncertainties identified by the Trustees are:

- That the Foundation does not operate within its stated objectives;
- That grants fail to meet the agreed objectives;
- Investment performance is below expectations or not adequately monitored;
- Retention of key personnel namely the Board of Trustees and key members of staff; and
- That the wholly owned subsidiary, MCS Service Company, fails to generate a profit or makes a loss.

A risk register is in place through which all risks are monitored. The Trustees are satisfied that systems and procedures are in place to mitigate exposure to the major risks.

All applications for funding are considered in relation to the Charity's objects and the need to show a clear public benefit.

During the year the Trustees paid particular attention to two risks which significantly heightened in likelihood as a result of the economic impact of COVID-19:

1. The profitability of MCS Service Company: With the start of lockdown in March 2020, installations of microgeneration – and source of the Company's main income stream – ground to a halt. Trustees asked the Service Company to report on its planned mitigation. This involved a mixture of measures including some furloughing of staff, reduction in non-staff expenditure and introduction of a revised financial forecast through which the situation could be monitored. Trustees established that the Company held very healthy reserves, equivalent to over six months' full operating costs, which provided reassurance. During the year, the Company reported in October 2020 that installation numbers had returned to pre-lockdown levels more quickly than expected. As such, losses during 2020 were negligible applying to a trading period spanning a few months in the spring and early summer, and the Company has since returned to a profitable position. During subsequent lockdowns, such as the one in the early part of 2021, installations of microgeneration technologies have been permitted, and so the profitable position of the Company has not been adversely affected.
2. The value of the Charitable Foundation's investment with Rathbone Greenbank: This took a hit in the first quarter of 2020 and the Trustees resolved to monitor the situation and give the market a chance to recover before deciding on any potential mitigating strategy. By the end of the year, the value of the fund had recovered to a level significantly above where it was before the pandemic hit.

The Foundation, therefore, was able to manage and overcome successfully the economic uncertainties and risks brought by the economic impacts of Covid.

Objectives and Activities

The Objects of the Charity are:

- (a) the advancement of education and environmental protection and improvement by educating the public in the subject of the design, development, manufacture and installation of renewable energy and low carbon technologies (products and systems) (including, for the avoidance of doubt, providing bursaries to those wishing to pursue careers in this area and institutions providing education in this area);
- (b) the advancement of education and environmental protection and improvement by promoting study and research into the design, development, manufacture and installation of renewable energy and low carbon technologies (products and systems), provided that the useful results of such study and research are disseminated to the public at large;
- (c) the advancement of health and the saving of lives and environmental protection and improvement by promoting study and research into improving the safety of the design, development, manufacture and installation of renewable energy and low carbon technologies (products and systems), provided that the useful results of such study and research are disseminated to the public at large.
- (d) the advancement of environmental protection and improvement by supporting the development of standards and related guidance for the renewable energy and low carbon technology sector; and
- (e) the advancement of environmental protection and improvement by raising awareness and confidence amongst consumers in the area of renewable energy and low carbon technologies (products and systems).

The Charity's Strategic Plan for 2020/21, which was developed following a period of stakeholder consultation, is focused on supporting its trading company to maintain and improve quality standards in the sector; and on introducing a grants and research programme aimed at supporting fairly early stage innovative ideas that have the potential to deliver a step change in the uptake of renewable energy and low carbon solutions. In addition, an External Affairs Strategy was developed in summer 2020 to underpin the policy and advocacy work of MCS Group, with a focus on presenting the case for removing VAT on renewable energy installations, for a comprehensive consumer information service and for a long-time incentive framework to support the growth of the sector.

For the open grants programme, operating from February 2020, the Foundation agreed the following themes: education, skills and CPD; public awareness and consumer confidence; zero carbon planning; local zero carbon delivery initiatives. There is a particular interest in capacity building in the sector and bids are expected to meet at least one of the following criteria: seed funding for innovative initiatives; support delivery of a proof of concept; sharing good practice; research to support innovation or capacity building in one of the themed areas.

Public Benefit Statement

The Trustees confirm that they have paid due regard to the Charity Commission's Guidance on Public Benefit, when considering the Foundation's objects.

Strategic Report – Achievements and Performance During the Year

The following projects were delivered during the year:

Research and Consumer Information

Smart Solar Homes (delivered by Solar Trade Association) – completed during the year:

Transitioning to a smart, flexible energy system is widely understood as necessary to support cost-effective decarbonisation and the increasing electrification of transport and heat. Recent independent expert analysis consistently stresses the economic value of a smart system. However, the value of smart homes and businesses including solar power and storage has not received specific attention and to date we are unaware of any 'bottom up' assessment of the value of smart homes.

The objective of this project was to set out new evidence of the benefits to households and the electricity system of enabling more deployment of solar, energy storage and smart meters in domestic homes.

The output of the project was a report which examines both the individual household benefits of installing smart energy technologies, and the contribution they can make to the whole electricity system, when scaled-up across a portfolio of 4.4 million homes.

The report concluded that equipping this number of homes with solar, battery storage and intelligent controls to manage electricity use can provide enough rapid flexible power to flatten spikes in demand, helping to balance the electricity system without the need for costly reinforcements. Such homes can also more than halve carbon emissions and energy bills too.

The Solar Trade Association presented the findings of the report in a webinar which was widely attended within the sector.

Consumer Information Study (delivered by Catrin Maby) – completed during the year:

As a Foundation we have a particular interest in consumer confidence and consumer information on renewable energy and energy efficiency. For consumers, the ability to gain independent advice is paramount. A range of charities and organisations run advice and information services to answer consumer questions, regarding particular technologies and the appropriate solution for their home or property. Feedback from stakeholders has indicated that funding for such services may have been cut back in recent years, while the need for this kind of assistance is likely to grow as climate change targets are translated into specific requirements on the domestic sector.

During the last financial year the Foundation commissioned a scoping study to assess the services that are available across the UK, the robustness and accessibility of information provided and gaps in the types of information and demographics of householders and geographical areas that are covered. The overall goal of the study was to inform MCS Charitable Foundation and the wider sector about the independent information and advice services available to consumers and to enable informed decisions to be made about how service provision can best be delivered. The focus of the study was on the retrofit of existing domestic properties, both grant-aided and where homeowners are paying for the work themselves.

The study builds on existing literature and past studies relevant to these topics as well as carrying out primary research and includes consideration of the situation in the devolved nations and regions in which there is a varying policy context.

The study was carried out by Catrin Maby, an independent consultant and researcher with many years' experience in energy advice delivery and strategy. It was completed in December 2020 and was launched live on 9th December to an audience of sector stakeholders, with Catrin Maby providing an overview of the report including MCS Charitable Foundation's recommendations for the governments of the UK and for the energy advice and information sector. The launch also saw responses to the report from Dr Alan Whitehead MP, the Shadow Green New Deal and Energy Minister, and Baroness Natalie Bennett of the Green Party, as well as a Q&A session.

Since the launch the Foundation has engaged directly with BEIS on the learnings of the report and how they can inform UK government policy and services.

Geothermal Energy from Mines (delivered by North East Local Enterprise Partnership) – work completed post year end:

This project looked at abandoned mines across the UK that have the potential to provide a new source of clean geothermal heat. These mines are often located in areas that were previously heavily industrialised and are now in need of regeneration, which offers the chance to build on the industrial legacy to deliver environmental, social and economic benefits.

A national 'mine energy taskforce' was convened via the Department of Business Energy and Industrial Strategy (BEIS) Energy Hubs, acting as a community of interest to share knowledge and address challenges. The taskforce continually attracted new attendees and gathered a comprehensive range of stakeholders including regulators, academics, the Coal Authority, businesses, government, LEPs, and local authorities across the UK.

MCS Charitable Foundation joined the steering group and co-sponsored the development of a paper which sets out the commercial, regulatory, market and policy interventions which are needed to address barriers, and accelerate delivery of mine energy at scale in the UK.

Supported by the BEIS Energy Hubs (North East, Yorkshire and Humber, and Midlands Hubs) the white paper produced a powerful evidence base which is to be shared publicly, containing substantiated recommendations to present to government and other stakeholders.

The project concluded in April 2021.

Development and Policy

Exploring the supply chain of renewable energies (delivered by War on Want) – work completed post year end:

Over the coming decades, the most ambitious estimates for a low-carbon future project that global material footprint will more than double. This is in part due to the fact that dozens of metals and minerals are employed in renewable energy technologies. However, the role they play, scale at which they are consumed, availability and ability to be substituted, vary widely and are determined by political will and the choices we make as a society. As demand increases for such technologies, multinational mining companies are scaling up their activities at an unprecedented rate, raising serious questions over ecological and environmental impacts and human rights across Africa, Asia and Latin America.

We need to rapidly transition our economies to a clean zero-carbon energy supply, but we must ensure that the material supply for renewable energies as part of that transition is also fair, just and clean. With the support of MCS Foundation, War on Want worked in partnership with two leading social and environmental justice organisations in the global South, to produce an in-depth report on the fundamental questions underpinning a just transition to renewable energy. This work has educated the UK public, movements and policy-makers on the social and environmental impacts of the global supply chain of renewable energy technologies, and helped develop key policy proposals and innovative criteria for industry and governments, to ensure that renewable energy is procured ethically and fairly.

This project concluded in March 2021. Following the publication of the report, War on Want is now working with Solar Energy UK on engaging the solar sector internationally on the learnings from the research.

Energy Slewing Pool (delivered by Bristol City) – work completed post year end:

From November 2020 to February 2021, Bristol City Council working with Regen, and supported by funding from MCS Charitable Foundation, produced a feasibility assessment exploring the concept of a Slewing Pool in order to help the local authority procure local renewable electricity at scale and create increased demand for local renewable energy sources.

This involved carrying out a high-level assessment of the commercial and administrative feasibility of the concept and providing recommendations about viability and issues to consider in taking this concept forward. This analysis involved three main elements: Developing the energy Sleaving Pool concept and make recommendations about governance and process; Modelling the matching of demand and generation, analysing PPA costs and possible price structures and; Engaging with suppliers to explore the facets and scope of the Pool Manager role.

These elements are detailed in the final feasibility assessment and Bristol City Council, as a result of the research, is now planning to showcase how the Sleaving Pool can be delivered in practice.

SuperHomes Rating Scheme (delivered by National Energy Foundation) – work completed post year end:

The National Energy Foundation SuperHomes project recognises the achievements of those who have gone the extra mile in the eco-refurbishment of their property and achieved high levels of carbon and energy reduction together with increased levels of comfort.

The SuperHomes network builds on the enthusiasm of eco-refurbishment pioneers to provide inspiration to all for a successful sustainable retrofit, improvement in home energy ratings and increased occupant comfort. Behind each retrofit is the passion and commitment to create a positive change for the benefit of our planet as well as personal health and well-being.

MCS Foundation funded NEF's development of the SuperHomes rating scheme, which offers recognition and acknowledgement of the householders' efforts with different milestones in levels of energy performance recognised. The revamped SuperHomes scheme launched in April 2021. It will be engaging with a wide range of partners and landlords and aims to achieve one million SuperHomes by 2030.

The following projects were commissioned during the year:

Research and Consumer Information

Value of Solar Homes (delivered by Solar Energy UK) – work started during the year:

The purpose of the Value of Solar Homes project is to promote the installation of rooftop solar photovoltaic (PV) systems in the UK. It will do this by providing information and guidance for owners and investors on the financial value of 'solar property' – property which includes a rooftop PV system, and / or an energy storage system.

Doing so will overcome a key informational barrier to the uptake of solar PV. Previous Solar Energy UK research identified the lack of robust evidence on the financial benefits of solar. As such, homeowners, valuers, the construction sector, and intermediaries involved in property transactions do not have a reliable way of assessing or explaining the value of solar property.

The project will focus on domestic property and will: conduct a thorough analysis of the costs and savings generated by solar systems; provide a comprehensive explanation of the value of domestic solar property and will help build on the successful installation of nearly a million rooftop PV systems as part of the Feed-in-Tariff (FIT) scheme; and make a robust case on the value of solar property for the residential market that will support the development of future research on the commercial and industrial sector.

MCS Charitable Foundation is on the steering group for this project.

Heat Pumps Now (delivered by Carbon Co-op) – work started during the year:

The focus of the project is on Air Source Heat Pumps as a technology that can provide a solution to heat decarbonisation at scale in the UK. The aim is to develop and showcase an end to end heat pump service and regional supply chain needed to support the roll out of low carbon heat installations at scale.

The area of delivery is the 'travel to work' reach of Greater Manchester where Carbon Co-op operates and builds on existing innovation work and learning developed in Carbon Co-op's work and in particular in People Powered Retrofit.

By the end of the project the aim is to have:

- engaged with 250 Greater Manchester householders and demonstrated that they regard Carbon Co-op as a trusted intermediary to advise on the installation of a heat pump in their homes.
- Developed a Greater Manchester supply chain of designers, installers and fitters necessary to meet demand for heat pumps, at a minimum doubling the size of the sector relative to today.
- Developed a codified, end to end heat pump service harmonised with PAS2035 that enables intermediaries to oversee the high quality installation of domestic heat pump systems.
- Developed a simple set of open source ICT tools to support the delivery of the heat pump service including a heat loss calculation calculator and a low cost open source monitoring solution which integrates with smart meters.
- Demonstrated the delivery model on a minimum of 10 heat pump installations in Greater Manchester.
- Documented the learning from the project, including the service delivery model and to have created a methodology for replication with similar Community Energy intermediaries.

Skills and Education

Green Schools (delivered by the Green Schools Project) – work started during the year:

Schools account for around 2% of the country's total carbon emissions. Eliminating the emissions of one school, a group of schools or even the entire education system will make a contribution to cutting the UK's overall carbon emissions.

Perhaps more importantly, if we are to work towards zero carbon on a society level we need to harness the energy and enthusiasm of young people. We therefore need to provide them with the knowledge and skills necessary to play a role in tackling the crisis and attempting to build a sustainable society.

This is a pilot project supporting four schools in the London Boroughs of Hackney and Waltham Forest to devise and implement a plan to reduce their carbon emissions and move towards zero carbon. Students at the four schools will be involved at all stages of the plan, carrying out a project to calculate the schools' carbon emissions, working out what the most effective steps would be to reduce them and carrying out activities which support these steps.

As well as measurable carbon emissions reduction, this will lead to the development of knowledge and skills that will greatly enhance their education and empower them to help drive wider society's shift to zero carbon.

The project will closely monitor, record, and share learning from the implementation and will provide a proof of concept, demonstrating to other schools that it is both achievable and financially desirable to implement zero carbon programmes.

Net Zero Skills Builder (delivered by Archbishops Council of the Church of England) – work started during the year:

The Church of England has a very extensive built estate; 16,000 churches, many of which have separate church halls and clergy housing, nearly 5,000 schools, 42 cathedrals, and diocesan offices. Collectively, the "carbon footprint" is between 600,000 and 1,000,000 tCO₂e.

With a commitment to radically reducing this, their General Synod has passed a landmark motion, calling on all parts of the Church to plan for 'net zero' by 2030, and there is a great deal of commitment to achieving this target.

To support this, the Church is seeking to increase the skills of its staff and volunteers in taking the necessary action. This is to be focused on the Church's very particular context, with the majority of the buildings listed and with fragile heritage interiors.

The objective of this project is to increase the skills and knowledge of Church of England staff and volunteers around the country, giving them the practical skills they need to achieve net zero carbon, and an increased confidence in making changes.

Funding will deliver:

- 16 webinars on topics such as heat pumps, draught-proofing, and community solar;
- Each will be recorded, to create a lasting legacy from the project; and
- Each will be specific to the Church's unique context (listed heritage buildings).

The webinars will also be made available to other heritage and religious organisations.

Development and Policy

Net Zero New Build – the GHA Vanguard Network (delivered by Good Homes Alliance) – work started during the year:

This project seeks to demonstrate how zero carbon in new build can be achieved. The project is being delivered by the Good Homes Alliance working with its Vanguard Network of local authorities, all of whom have declared Climate and Ecological Emergencies.

The Vanguards network aims to accelerate the changes necessary on the road to net zero carbon new homes, in advance of Government targets/timelines for the industry, showing much needed leadership whilst addressing the “build back better” and “green recovery” challenges.

The initiative will see development of resources to support the ever-growing Vanguard Network, a collective of 16 local authorities (LAs) that are set to build 50,000 new homes on council-owned land over the next 10 years.

MCS Foundation funding will assist in accelerating the outputs of the network, specifically in developing important best-practice resources, namely; 10+ detailed case studies of net zero housing projects, plus; model policies for Employer's Requirements that will set specifications for net zero and health and wellbeing outcomes.

The beneficiaries of the project will include:

- Local authorities (including current and future members of the Vanguard Network)
- Tenants and occupants of new, high-quality homes (via lower energy bills/improved occupant comfort)
- Developers and construction companies involved in the delivery of net zero homes
- The construction supply chain (especially net zero products technologies that improve fabric performance or provide on-site renewable energy)

Community Capacity Building

Accelerating Local Response (delivered by Ashden Sustainable Solutions Better Lives) – work started during the year:

Ashden has a mission to accelerate transformative climate solutions and build a more just world by championing low carbon solutions that maximise the social benefits of climate action such as cleaner air, better public transport, warmer buildings, savings for public services, increased social cohesion, healthier environments and job creation.

As part of their Liveable Cities programme they are working to secure and accelerate the creation of a low carbon economy that protects the wellbeing of every member of society. Partnering with the Grantham Institute and Friends of the Earth they developed the first business case for local authority climate action – the Climate Action Co-Benefits Toolkit.

Building on this work, and with funding from MCS Foundation, Ashden are now working with their stakeholders on how to take forward the most promising actions that local authorities can deliver, such as buildings retrofit, sustainable transport and renewable energy.

Bringing together relevant solutions from their network of organisations and initiatives with local authority early adopters and industry experts, Ashden are developing these into action, learning and peer support networks. The aim is for these to help local authorities implement tried and tested projects that are locally adapted to enable them to respond much more quickly to the climate emergency.

Five for Fownhope – Zero Carbon Parish Planning Tool (delivered by Herefordshire Green Network) – work started during the year:

HGN and partners Caplor Horizons are working together on the new 'Great Collaboration Towards a Zero Carbon Herefordshire' to develop an interactive website for parish council communities that will encourage individuals on their journey towards zero carbon, whilst guiding and supporting the development of local zero carbon initiatives. The tool will support the sharing of good practice whilst enabling parishes to plan and track carbon reduction initiatives as part of their zero carbon planning.

The platform will be engaging and interesting to use and the user testing of the trial version with Fownhope Parish Council in Herefordshire started in mid-October. HGN will coordinate with Herefordshire Association of Local Councils to ensure good uptake for the website around Herefordshire and then with the National Association of Local Councils to extend the offer to parish councils around the UK.

Plans are to have the website resource available for local use across Herefordshire by Spring 2021 and across the UK by late 2021. This will provide Parish councils across the UK with a better understanding about the measures they can take to achieve their zero carbon targets, with local people feeling empowered and inspired to act and confident to participate in adopting local low carbon delivery initiatives.

Renewables Done Well (delivered by CPRE) – work started during the year:

Working with eight rural communities across England, CPRE will create a series of unique visions of what renewable energy could look like within a local rural landscape when it is implemented to exist in harmony with local landscapes and communities.

The process will take the form of a series of facilitated participatory workshops which will engage with a diverse and representative group of people from the local community. The outcomes of these workshops will then form the basis of a 'community vision document' that will be presented to the community with a range of options on how to proceed with this newly created vision and support them to complete the next steps.

The aim of the project is to develop a model for community visioning on renewables in rural areas.

Somerset Climate Action Networkers – Launch Pad Project (delivered by Somerset Climate Action Network) – work started during the year:

Somerset Climate Action Network (SCAN) is working with Somerset County Council to help deliver the County's zero carbon aspirations through harnessing skills in the community. SCAN is a county-wide network of people empowering, advising, catalysing and aggregating actions from the wider community to enable positive and low carbon projects to accelerate in every corner of Somerset.

The work will bring people up to speed with the challenges faced and communicate the most up to date information and new findings on both the current climate situation, what is coming in the future and the smartest ways to tackle it at every level, providing case studies of local examples of action.

The project will give people, business and communities the tools they need to take action and make smart changes with an aim to develop a county-wide resource for climate action, encompassing: scaling up renewable energy generation capacity in liaison with Somerset Community Energy, Zero Carbon projects, energy saving, business, transport and more.

As a result, the model will be replicable and scalable in other counties in the UK and abroad.

Integrating Community Energy Programmes into Council Climate Emergency Plans (delivered by Community Energy London) – work started during the year:

Urban areas, and London especially, tend to be under-represented in community and builds-scale renewables. This project will develop programmes and guidance for local authorities who have signed a Climate Emergency declaration to support the growth of community energy in their area through new Climate Action Plans.

The focus of this project will be – in the first instance – to support London local authorities, however the outputs will be developed alongside Community Energy England (CEE) such that they can also be shared with other urban/city-based local authorities.

The project will see the completion of a briefing document for London Community Groups on the status of the Climate Emergency Declarations, a paper for councils that will set out findings and case studies, and the design and delivery of workshops in partnership with councils to help them understand the contribution community energy can make to the social and environmental objectives of councils.

Following completion, there would be potential for this work to be developed further to support community energy in more rural based local authorities and for their Climate Action Plans.

The Big Solar Co-op (delivered by Sharenergy Co-operative Ltd) – work started during the year:

The Big Solar Co-op is working to put in place the business model and organisational structure needed to launch a national-scale post-subsidy solar co-op in 2021.

By 2023 they aim to install 100MW of rooftop solar that each year this will save nearly 40,000 tonnes of CO2 emissions and produce enough electricity for over 250 million miles of electric car journeys.

This project seeks to support the expansion of the community renewables sector by taking away some of the barriers faced by volunteer-run local community renewables groups. Through this new approach, solar activists are invited to work locally but as part of a UK-wide solar co-op which will nurture and support the growth of their volunteer base by providing support through training and peer mentoring and breaking down the work into more manageable portions to enable people with less time to participate.

The project aims to also engage 250 active volunteers across 25 local groups, generate 5 new sustainable jobs, create ethical, accessible social investment opportunities raising £25m and save over £300,000 annually on fuel bills for community buildings and social housing.

Accelerating the uptake of renewable energy and low carbon technology in a multi-tenure industrial estate (delivered by Wealden District Council) – work started during the year:

This project will engage and work with SMEs and property owners to accelerate the implementation of renewable and low carbon technology in a multi-tenure industrial estate setting.

The aim is to demonstrate a model for rolling out low carbon solutions in such settings. This will be achieved through a three-track approach: identifying the barriers preventing SMEs from installing renewable or low carbon technology; raising awareness of the incentives and benefits of installing measures; and providing SMEs with additional, more bespoke, technical support to help convert energy audit reports into installed measures and overcome later stage obstacles.

Activity of the MCS Service Company 2020

2020 was a challenging year due to COVID-19. However, the MCS Service Company did manage to weather a significant downturn in registrations experienced from the end of March, delivering a small operating loss that was limited by a strong bounce back in the volume of installations performed by MCS installers from the end of the summer. Throughout this time, MCS was able to offer its installer community a great deal of support, including how best to manage installations under COVID restrictions, to advice on how to secure furlough payments. The resilience and flexibility of the Company's operations were tested during this time. With the majority of Company activities supported by cloud based systems, including the operation of the MCS Installations Database (MID) and MCS Helpdesk, the Scheme remained accessible to both installers and consumers throughout.

Initiatives taken during the year to strengthen the operation of the Scheme, included an extension to the partnership with the Renewable Energy Consumer Code (RECC) and the deployment of an Insurance Backed Warranty solution with partners IWA.biz. This has proved very popular with installers during 2020, saving them both administrative time and money. A new payment gateway was also introduced to the MID, allowing for greater flexibility in the way installers can pay for MCS services, including payments taken for installation certificates and insurance policies, accommodated via a new online basket and checkout.

A requirement to be MCS certified for the deployment of low carbon heating measures, was included in the government's Green Homes Grant voucher scheme, launched in September 2020. Unfortunately, the Scheme was beset with problems from the start, with installers turning to MCS for support and guidance, triggering record numbers of calls and emails to the MCS Helpdesk. The Company was also called upon to guide the scheme's administrators and the Department of Business, Energy and Industrial Strategy, to ensure improvements were made which encouraged more consumer uptake and installer involvement. Although the consumer based voucher scheme versus the local authority Green Homes Grant scheme, is closing ahead of its expected end date of March 2022, it has generated a significant interest in low carbon heating which directly benefits MCS through increased installation volumes. Two thirds of new installers on the Scheme are seeking certification for the deployment of Heat Pumps. Prior to the Green Homes Grant, Solar PV had been the main technology an installer would require certification for.

2020 was a very busy year in terms of MCS Standards. A project to simplify and update the main technology installation Standards refreshed, and in some cases rewrote, many of the MCS documents. This included MCS 001 as the scheme's umbrella Installation Standard that all MCS certified installers must follow. In addition to the work on the Standards documents themselves, the Company also published the 'MCS Domestic Heat Pumps - A Best Practice Guide' which is considered by many in the sector as the key reference for those involved in the installation of Heat Pumps, and a 'Percussive Events Guidance' for Biomass Boiler installers, certification bodies and manufacturers.

The Company also completed a restructuring of the MCS Standards community, implementing a new terms of reference for the Scheme's technical Working Groups, forming a new Approvals Committee to replace the previous Standards Management Group and recruited to a new role of Independent Chair of MCS Standards to oversee the impartiality and integrity of the work of the Standards community. These changes have afforded improved decision-making as demonstrated by the speed and quality of deployment of agreed changes to Standards documents.

In a move to support sector growth and utilising funding made available by the MCS Charitable Foundation, the Company facilitated the development of a new Level 3 qualification for the installation and maintenance of Heat Pumps and the creation of the new Energy Storage (Battery) training course. These new training programmes, now live in 2021, targeted existing electricians to encourage battery deployment and plumbers, gas and oil based heating engineers to allow them to diversify into the installation of Heat Pumps.

Achievements and Performance

a) ACHIEVEMENTS DURING THE YEAR

During the year, the Foundation achieved the following;

- Recruited a Director of External Affairs to build an External Affairs Unit working across MCS Group;
- Developed an external affairs strategy to maximise leverage with particular attention on building the evidence and presenting the case for policy change in support of our mission;
- Successfully rolled out the open grants programme, attracting healthy competition from innovative projects that can deliver a step change impact;
- Played an active role in supporting the delivery of several key grant-funded projects;
- Introduce a social investment partnership to diversify the Charity's financial portfolio and enable mixed motive investments;

- Launched a research report on the need for comprehensive consumer advice and information services, and subsequently engaged directly with government on the findings;
- Rebounding quickly from the first lockdown in terms of MCS Company trading income; and
- Further refinements to the MCS scheme to enhance accessibility to installers and consumers, including the deployment of an Insurance Backed Warranty.

b) GOING CONCERN

After making appropriate enquiries, the Trustees have a reasonable expectation that the Foundation has adequate resources to continue in operational existence for at least 12 months from the signing date. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies note on page 27 of the financial statements.

Financial Review

a) CHANGE OF ACCOUNTING PERIOD

In reviewing the accounts and financial summary, it should be noted that the Charity's accounting period end date has changed from 31 March to 31 December, meaning that the accounts presented for 2020 are for a 9 month period and are therefore not directly comparable to the 12 month period in the previous year's accounts. The accounting period end date of the Charity's trading subsidiary has also been changed to 31 December (previously 28 February). The reason for the change is so that, from 1 January 2020, the accounting periods of the Charity and subsidiary align and better fit with the business cycle of the subsidiary. The decision to change the accounting periods were made by the respective Boards of the Charity and trading Company in accordance with their articles and reported to Companies House.

b) FINANCIAL REVIEW SUMMARY

The Foundation made a surplus, after investment gains of £752,239 (year ended 31 March 2020 – investments loss of £257,274), of £351,737 (year ended 31 March 2020 – loss of £541,281) in the period ended 31 December 2020.

For the period ended 31 December 2020 the Foundation's income amounted to £1,243,794 (year ended 31 March 2020 - £1,890,553). The majority of the income related to trading income from the subsidiary of £1,156,019 (year ended 31 March 2020 – £1,775,782) which includes £18,555 of furlough income received. The remainder being income of £87,855 (year ended 31 March 2020 - £114,771) from the investments held.

The costs of the Foundation for the year amounted to £1,644,296 (year ended 31 March 2020 - £2,174,560). £275,132 (year ended 31 March 2020 - £182,878) of expenditure incurred related to costs with respect to its charitable objectives including costs such as travel expenses, governance expenses and audit fees as well as grant-giving. £1,369,164 (year ended 31 March 2020 - £1,991,682) related to trading costs of MCS Service Company Limited.

At 31 December 2020 the Foundation held £4,766,937 (year ended 31 March 2020 - £3,903,719) in investments which includes £50,000 of shares invested in Low Carbon Hub IPS. £2,150,758 (year ended 31 March 2020 - £2,644,054) was held in cash at bank.

The Foundation's total funds at 31 December 2020 amounted to £6,716,362 (year ended 31 March 2020 – £6,364,625).

The significant sum received from BEIS in the year ended 31 March 2019 (£6,649,610) was intended to fund the Foundation to deliver its charitable objects over a number of years. As such the Trustees are

comfortable that in some years, such as 2020, the Foundation may make an operating loss on its charitable activities.

c) RESERVES POLICY

The Trustees have agreed that a minimum of three months of operating expenditure will be maintained as cash reserves.

d) PRINCIPAL FUNDING

The Foundation's principal funding is the endowment of £6,649,610 it received from BEIS, as well as investment income received which is derived from holding the endowment for investment purposes. Ongoing funding is received in the form of the profits from the operation of the MCS scheme under MCS Service Company.

Investment Policy and Performance

The majority of the proceeds received as a result of the novation (historical profits of the MCS scheme) are held in an investment portfolio with Rathbone Greenbank (£4 million was invested).

The Board of Trustees has agreed the Foundation's Investment Policy Statement which is the mandate to which the Investment Managers hold the funds on behalf of the Foundation. The Investment Policy Statement states that the funds invested in a way that maximises the return within the context of taking only moderate risk and a likely investment horizon of up to ten years. In addition, the Policy, which was reviewed and updated in summer 2019, includes some clear ethical parameters including avoiding investments in fossil fuels.

The performance of the Investment Portfolio and Managers are scrutinised at the Foundation's Board meetings.

At 31 December 2020, the market value of Investment held amounted to £4,716,937 (year ended 31 March 2020 - £3,903,719). During the year the investments yielded investment income of £87,855 (£110,283) and unrealised investment capital gain of £752,239 (loss of £257,274).

During the year the Charity entered into a social investment partnership with crowdsourcing platform Ethex, which raises investment funding for ethical and green projects such as renewable energy installations. The agreement involved the charity pledging to commit up to £500,000 towards investment in different projects, to be used by Ethex to help leverage additional funding from individuals. The investments will be mixed motive, in that they help advance the charity's objects and will be expected to bring a financial return. Ethex carries out due diligence on potential projects which is then further scrutinised by Trustees before investments are made.

Trustees judged that this partnership enables the Charity to show leadership in the sector in how capital funds can help directly advance the charitable mission, while also diversifying the Charity's investment portfolio in a way that is judged to reduce risk. To date, one such investment has been made of £50,000 with other potential projects to be reviewed as and when they are put forward by Ethex.

Plans for the Future

The Charity's objectives for 2021 are the following:

- Introduction of a new group-wide strategy for MCS which harnesses all the assets at the group's disposal and maximises its role as a convenor in the sector, including adopting a more proactive approach to grant-giving;
- Expand MCS Group's role in supporting the sector to build new qualifications that will support the anticipated substantial increase in trained renewable energy installers;
- Further build relationships with other third sector organisation working on greening homes and buildings, with a particular attention on co-ordinating efforts in the run up to the COP26 climate talks in Glasgow, now scheduled for November 2021;
- Complete a review of MCS Group governance structures during the first half of the year, accounting for good practice in the charity sector and the need to support the next phase of the group's strategic aims and growth;
- Refine and expand the monitoring and evaluation process for the grants programme;
- Further develop and expand the executive team to lead the operational delivery of the Foundation's work, including in the context of increased group-wide working across MCS; and
- Further deliver on the objective to simplify the compliance model related to the MCS scheme, for the benefit of installers and the public.

MCS Service Company Plans for 2021

The Company has made significant progress over the second half of last year in the simplification of the Standards document set. This work will conclude during the first half of 2021. The Standards Simplification project creates a foundation on which a new initiative, referred to as the 'MCS Wizard', is to be built. The MCS Wizard will be an online support environment and downloadable application for MCS contractors, that will bring compliance to MCS Standards into the field. This initiative is part of a wider Scheme accessibility agenda, that will also see the creation of an online dashboard of scheme metrics and market insights, which will be made available to the Scheme's stakeholders including policy makers.

A range of new Standards are also due for publication in 2021, reversing a trend of inactivity over the last 5 years. A new Biomass Maintenance Standard, sponsored by BEIS, will be live by the Autumn and is likely to be referred to in legislation planned for early 2022, that is intended to protect air quality. A Borehole Drilling Specification will be in place by year end with the support of the Ground Source Heat Pump Association. Perhaps most significantly in terms of market impact, MIS 3005 the Heat Pump installation Standard, will be split between design and Installation in recognition of the individual skills and competency required by Designers distinct from Installers.

2021 will see the deployment of a new sub-licence agreement between the Service Company and its partner Certification Bodies. For the first time since the Scheme was launched, Certification Bodies are being asked to operate to an agreed service level (SLA) which for example, will measure their performance in responding to applications for certification and the management of consumer complaints. A contractor's relationship with the Scheme is primarily through the annual assessments that are undertaken by their Certification Body. It is therefore essential that the Scheme has greater control over the operation of certification activities under the Standards and this will be achieved through the deployment of new sub-licence agreements.

2021 will also be the year that MCS more formally recognises and supports individual installer qualifications. By the end of the year, a new qualification based route to certification will be made available to those that are new to the sector. This is the start of broader change in Scheme focus in recognition that the UK's small-scale renewables sector now benefits from regulated qualifications. To support the cross training and upskilling of existing fossil fuel based heating engineers and plumbers, MCS will promote a new Level 3 qualification in the 'Installation and Maintenance of Heat Pumps'; the development of which had been funded by the MCS Charitable Foundation in 2020. Work on a new Low Carbon Heating Technician apprenticeship will reach its conclusion in 2021, having secured approval from the Institute of Apprenticeships and Technical Education. This approval opens up the potential for employers to benefit from funding via the

government's apprenticeship levy. By the end of 2021, training delivery partners including Further Education Colleges, will have been secured to support the rollout of the new apprenticeship pathway.

Trustees' Responsibilities Statement

The Trustees (who are also directors of MCS Charitable Foundation for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial period. Under company law the Trustees 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 charitable company and of the income and the expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments 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 charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to the auditors

We, the Trustees of the Foundation who held office at the date of approval of these Financial Statements as set out above each confirm, so far as we are aware, that:

- there is no relevant audit information of which the company's auditors are unaware; and
- we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

In approving the Trustees' Annual Report, we also approve the Strategic Report included therein, in our capacity as company directors.

In preparing this report, the Trustees have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

MCS Charitable Foundation

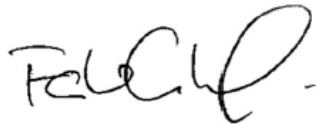
Trustees' Annual Report (Including Directors Report and Strategic Report)

Period Ended 31 December 2020

Auditors

PKF Littlejohn LLP have indicated their willingness to continue in office.

This report was approved by the Trustees on 21 July 2021 and signed on their behalf.

A handwritten signature in black ink, appearing to read 'Fabio Silva Nehme'.

Fabio Silva Nehme
Trustee (Chair)

MCS Charitable Foundation

Independent Auditor's Report

Period Ended 31 December 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF MCS CHARITABLE FOUNDATION

Opinion

We have audited the financial statements of MCS Charitable Foundation (the 'parent charitable company') and its subsidiary (the 'group') for the period ended 31 December 2020 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Charity Balance Sheet, the Consolidated Cash Flow Statement and 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 group's and the parent charitable company's affairs as at 31 December 2020, and of the group's incoming resources and application of resources, including its income and expenditure, 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 and the Charities Act 2011.

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 group and parent charitable 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 trustees' 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 the group's or parent charitable company's 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 trustees 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 trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the trustees' annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion

MCS Charitable Foundation

Independent Auditor's Report

Period Ended 31 December 2020

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 trustees' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' 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 group and parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' annual report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

- adequate and sufficient accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit. ; or
- the trustees 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' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the group and parent charitable company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees 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 group and parent charitable company financial statements, the trustees are responsible for assessing the group and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern

MCS Charitable Foundation

Independent Auditor's Report

Period Ended 31 December 2020

basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts and relevant regulations made or having effect thereunder.

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 is detailed below:

- We obtained an understanding of the group and parent charitable company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research, application of cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the group and parent charitable company in this regard to be those arising from Companies Act 2006, Charities Act 2011, Charities (Accounts and Reports) Regulations 2008 and relevant employee and tax legislation.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent charitable company with those laws and regulations. These procedures included, but were not limited to enquiries of management and review of minutes.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that a risk existed with regards to the valuation of mixed motive investments and recognition of project expenditure. The mixed motive investments were purchased in December 2020 and as such we did not consider there to be any indications of impairment and the value of the shares at cost was deemed reasonable. We discussed with management the progress of projects and reviewed supporting documentation and minutes of meetings held to determine whether the amounts recognised were fairly stated. No issues were found.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business. No issues were found.

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

MCS Charitable Foundation

Independent Auditor's Report

Period Ended 31 December 2020

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 for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's members and trustees 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 charitable company and the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Alastair Duke (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

29 September 2021

MCS Charitable Foundation

Consolidated Statement of Financial Activities

Period Ended 31 December 2020

		Period ended 31 December 2020 Unrestricted funds £	Period ended 31 December 2020 Total £	Year ended 31 March 2020 Total £
	Note			
Income from:				
Trading activities	2	1,137,464	1,137,464	1,775,782
Investments	3	87,855	87,855	114,771
Other income	2,4	18,555	18,555	-
Total income		1,243,794	1,243,794	1,890,553
Expenditure on:				
Charitable activities	5	275,132	275,132	182,878
Trading activities	2	1,369,164	1,369,164	1,991,682
Total expenditure		1,644,296	1,644,296	2,174,560
Net income/(expenditure)		(400,502)	(400,502)	(284,007)
Net gain/(loss) on investments	10	752,239	752,239	(257,274)
Net movement in funds		351,737	351,737	(541,281)
Reconciliation of funds:	15			
Total funds brought forward		6,364,625	6,364,625	6,905,906
Total funds carried forward		6,716,362	6,716,362	6,364,625

All income and expenditure derives from continuing activities.

The statement of financial activities includes all gains and losses recognised during the year.

The notes on pages 21 to 33 form part of these financial statements.

**MCS Charitable Foundation
Consolidated Balance Sheet**

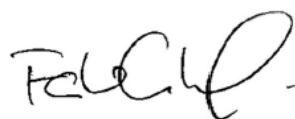
As at 31 December 2020

	Note	31 December 2020 £	31 March 2020 £
Fixed assets			
Investments	10	4,766,937	3,903,719
Tangible assets	11	24,742	23,218
		<hr/> 4,791,679	<hr/> 3,926,937
Current assets			
Debtors	12	224,471	287,699
Cash at bank and in hand	13	2,150,758	2,644,054
		<hr/> 2,375,229	<hr/> 2,931,753
Creditors: amounts falling due within one year	14	450,546	494,065
Net current assets		<hr/> 1,924,683	<hr/> 2,437,688
Total assets less current liabilities		<hr/> 6,716,362	<hr/> 6,364,625
Net assets		<hr/> 6,716,362	<hr/> 6,364,625
Funds			
Unrestricted funds	15	6,716,362	6,364,625
Total funds	15	<hr/> 6,716,362	<hr/> 6,364,625

The accounts have been prepared in accordance with the provisions applicable to the small companies regime.

The financial statements were approved and authorised for issue by the Board on 21 July 2021.

Signed on behalf of the board of trustees



Fabio Silva Nehme, Chair and Trustee

The notes on pages 21 to 33 form part of these financial statements.

Company registration number: 10119873

MCS Charitable Foundation
Charity Balance Sheet

As at 31 December 2020

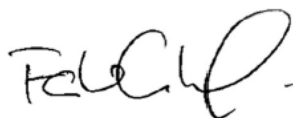
	Note	31 December 2020 £	31 March 2020 £
Fixed assets			
Investments	11	4,766,937	3,903,719
		<hr/> 4,766,937	<hr/> 3,903,719
Current assets			
Debtors	12	-	19,706
Cash at bank and in hand	13	1,310,390	1,445,894
		<hr/> 1,310,390	<hr/> 1,465,600
Creditors: amounts falling due within one year	14	30,592	262,098
Net current assets		<hr/> 1,279,798	<hr/> 1,203,502
Total assets less current liabilities		<hr/> 6,046,735	<hr/> 5,107,221
Net assets		<hr/> 6,046,735	<hr/> 5,107,221
Funds			
Unrestricted funds	15	6,046,735	5,107,221
Total funds	15	<hr/> 6,046,735	<hr/> 5,107,221

The charity surplus for the period ended 31 December 2020 is £935,514 (year ended 31 March 2020: deficit £697,291).

The accounts have been prepared in accordance with the provisions applicable to the small companies regime.

The financial statements were approved and authorised for issue by the Board on 21 July 2021.

Signed on behalf of the board of trustees



Fabio Silva Nehme, Chair and Trustee

The notes on pages 21 to 33 form part of these financial statements.

Company registration number: 10119873

MCS Charitable Foundation

Consolidated Statement of Cash Flows

Period Ended 31 December 2020

		For the period ended 31 December 2020 £	For the year ended 31 March 2020 £
	Note		
Cash flow from operating activities	16	(464,171)	(312,877)
Net cash flow provided used for operating activities		<u>(464,171)</u>	<u>(312,877)</u>
Cash flow from investing activities			
Payments to acquire investments	10	(110,979)	(79,628)
Dividends, interest and rents received from investments	3	87,855	114,771
Purchase of fixed assets	11	(6,001)	(24,811)
Net cash flow from investing activities		<u>(29,125)</u>	<u>10,332</u>
Change in cash and cash equivalents in the year		(493,296)	(302,545)
Cash and cash equivalents at 1 April		2,644,054	2,946,599
Cash and cash equivalents at 31 December		<u>2,150,758</u>	<u>2,644,054</u>

The notes on pages 21 to 33 form part of these financial statements.

1 Summary of significant accounting policies

(a) General information and basis of preparation

MCS Charitable Foundation is a charity incorporated as a company limited by guarantee in the United Kingdom. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The address of the registered office is given in the charity information on page 1 of these financial statements.

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2019.

On 25 April 2018 the Foundation acquired 100% control of The MCS Service Company Limited (company registration number 07759366) from which point transactions have been consolidated.

The Charity has opted to take advantage of the reduced disclosure exemption in paragraph 1.12(b) of FRS 102, from producing an individual cash flow statement.

The Charity has taken exemption from presenting its unconsolidated profit and loss account under section 408 of Companies Act 2006.

The financial statements are prepared on a going concern basis under the historical cost convention, with the exception of investments which are included at market value. The financial statements are prepared in sterling which is the functional currency of the charity.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

(b) Funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

(c) Income recognition

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income, after any performance conditions have been met, when the amount can be measured reliably and when it is probable that the income will be received.

Income from trading activities includes income earned through the subsidiary MCS Service Company from income received in exchange for supplying services in order to raise funds and is recognised when entitlement has occurred.

Investment income is earned through holding assets for investment purposes such as shares. It includes dividends and interest. Interest income is recognised when receivable and dividend income is recognised as the charity's right to receive payment is established.

(d) Expenditure recognition

All expenditure is accounted for on an accruals basis. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings:

- Expenditure on charitable activities includes staff and administration costs; and
- Other expenditure represents those items not falling into the categories above.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

Trading expenditure is costs incurred by MCS Service Company in undertaking its activities.

(e) Investments

Publicly traded investments, or those where fair value can otherwise be measured reliably, are measured at fair value at each balance sheet date, with changes in fair value recognised in 'net gains / (losses) on investments' in the SoFA.

(f) Mixed motive investments

Mixed motive investments in the form of ordinary or preference shares are initially measured at the transaction price of those shares and subsequently at its fair value if this can be measured reliably. Where this is not possible it is measured at costs less impairment. Mixed motive investments will be reviewed for impairment annually.

(g) Fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. Depreciation is provided on the following basis:

- Freehold property - 20% per annum
- Leasehold improvements - 25% per annum
- Plant and machinery - 20% per annum
- Office equipment - 20% per annum
- Computer equipment - 25% per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

(h) Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

(i) Tax

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010. It therefore meets the definition of a charitable company for UK corporation tax purposes. Following the triennial review of FRS 102 applicable for accounting periods commencing on or after 1 January 2019, there must be a legal obligation in place in order for a donation of profit from subsidiary to parent to be recognised in the financial statements. There was no legal obligation in place at 31 December 2020 and so the donation of the subsidiary company's profit to the Charity has correctly not been recognised within these financial statements. Where the post year end payment of the profit for the previous financial year is deemed probable, this is taken into account within the tax computation of the subsidiary company.

(j) Assessment of going concern

The Trustees have assessed whether the use of going concern assumption is appropriate in preparing these accounts. The trustees have made this assessment in respect to a period of one year from the date of approval of these accounts. The Trustees recognise the uncertainty of future trading and obtaining a minimum unrestricted reserve.

(k) Critical accounting estimates and judgements

To be able to prepare the financial statements in accordance with FRS102, the charity must make certain estimates and judgements that have an impact on the policies and the amount reported in the annual accounts. The estimates are based on past experience and other factors including expectations of future events that are believed to be reasonable at the time such estimates and judgements are made. The key area of the financial statements that we consider to be subject to estimation or judgement is investments and mixed motive investments, the accounting policy is disclosed in note 1 (e) and (f).

2 Income and expenditure from other trading activities

	Period ended 31 December 2020	Year ended 31 March 2020
	£	£
MCS Service Company income	1,156,019	1,775,782
MCS Service Company expenditure	(1,369,164)	(1,991,682)
	<u>(213,145)</u>	<u>(215,900)</u>

MCS Charitable Foundation has 100% control of The MCS Service Company Limited (Company registration number 07759366), a company registered by guarantee and whose registered office is Suite F40 Innovation Centre, Sci-Tech, Daresbury, Cheshire, WA4 4FS. The subsidiary year end is 31 December 2020. Previously the year end was 29 February.

The company's activities comprise certification of microgeneration technologies used to produce electricity and heat from renewable sources. The summary financial performance of the subsidiary for the year ended 31 December 2020 is as follows:

	Period ended 31 December 2020 £	Year ended 31 March 2020 £
Turnover	1,265,456	2,108,185
Administrative expenses	(1,381,390)	(1,952,174)
Operating (loss)/profit	<u>(115,934)</u>	<u>156,011</u>
Gift aid payment to MCS Charitable Foundation	(471,846)	-
Net (loss)/profit	<u>(587,870)</u>	<u>-</u>
Fixed assets	24,740	23,218
Current assets	1,064,838	1,663,784
Current liabilities	(419,954)	(429,597)
Net assets	<u>669,625</u>	<u>1,257,405</u>

MCS Charitable Foundation

Notes to the Financial Statements

Period Ended 31 December 2020

3 Income from investments (Group and Charity)

	Period ended 31 December 2020 £	Year ended 31 March 2020 £
Dividends from non-current investment	87,855	110,283
Interest – deposits	-	4,488
	<hr/> 87,855	<hr/> 114,771

4 Other income

	Period ended 31 December 2020 £	Year ended 31 March 2020 £
Furlough income	18,555	-
	<hr/> 18,555	<hr/> -

5 Charitable activities

	Group	
	Period ended 31 December 2020 £	Year ended 31 March 2020 £
Project management and delivery costs*	140,863	31,226
Cost of generating funds		
Investment manager fees	22,534	31,289
Support costs		
Staff costs	51,186	53,755
Travel costs	264	4,845
Accountancy fees	5,040	6,978
Other costs	16,859	22,288
Governance costs		
Trustees' Expenses	1,080	5,895
Audit fees**	12,706	9,360
Other costs		
Legal & Professional fees	24,600	15,742
Consultancy costs	-	1,500
	<hr/> 275,132	<hr/> 182,878
	<hr/>	<hr/>

MCS Charitable Foundation

Notes to the Financial Statements

Period Ended 31 December 2020

* £86,717 (Year ended 31 March 2020: £269,428) was paid to MCS Service Company in respect of project management and delivery costs. The total project management and delivery costs in the period were:

	Period ended 31 December 2020		Year ended 31 March 2020	
	Grants £	Programmes £	Grants £	Programmes £
Development and Policy				
MCS Installer Database	-	-	-	104,772*
Net Zero New Build (<i>Good Homes Alliance</i>)	13,500	-	-	-
Superhomes Rating Scheme (<i>National Energy Foundation</i>)	15,000	-	-	-
Standards and Safety				
Audit and verification	-	-	-	182,711*
Standards review	-	86,717*	-	30,000*
Biomass percussive incidents	-	-	-	23,708
Community Capacity Building				
Zero Carbon Parish Planning Tool (<i>Hertfordshire Green Network</i>)	11,370	-	-	-
Accelerating Local Response (<i>Ashden</i>)	22,968	-	-	-
Launch Pad Network (<i>Somerset Climate Action Group</i>)	10,000	-	-	-
Renewables Done Well (<i>CPRE</i>)	15,000	-	-	-
Integrating Community Energy (<i>Community Energy London</i>)	10,000	-	-	-
Big Solar Coop (<i>Sharenergy Cooperative</i>)	4,500	-	-	-
Research and consumer information				
Smart solar homes	-	-	-	7,500
Consumer scoping study	-	22,000	-	-
Value of Solar Homes (<i>Solar Trade Association</i>)	15,000	-	-	-
Skills & Education				
Training project	-	-	-	54,464*
Net Zero Skills Builder (<i>Archbishop Council of Church of England</i>)	2,200	-	-	-
Green Schools Project	10,000	-	-	-
	129,538	238,355	-	403,155

** The audit fees for MCS Service Company are included within trading expenditure.

6 Net income/(expenditure) for the year

Net income/(expenditure) is stated after charging:

	Period ending 31 December 2020 £	Year ended 31 March 2020 £
Audit fees	19,950	19,300
Depreciation	4,477	1,593

7 Auditor's remuneration

	Period ending 31 December 2020 £	Year ended 31 March 2020 £
Fees payable to the charity's auditor for the audit of the charity's annual accounts	7,950	7,800
Fees payable to the charity's auditor for other services:		
Audit of the charity's subsidiary	12,000	11,500
Accounts preparation	6,605	5,800
	<u>26,555</u>	<u>25,100</u>

8 Trustees' and key management personnel remuneration and expenses

During the period ended 31 December 2020 the trustees and the Chief Executive of the charity are considered to be key management personnel.

The trustees neither received nor waived any remuneration during the period ended 31 December 2020 (Year ended 31 March 2020: £Nil).

In the period ended 31 December 2020, key management personnel received total remuneration of £41,249. (2020: £44,805).

Trustee's expenses were reimbursed or paid directly on their behalf during the period for travel, hotels and subsistence to one (year ended 31 March 2020: three) trustee amounting to £76 (year ended 31 March 2020: £5,445).

9 Staff costs and employee benefits

The average monthly number of employees during the period was as follows:

Group		Charity	
Period ended 31 December 2020 Number	Year ended 31 March 2020 Number	Period ended 31 December 2020 Number	Year ended 31 March 2020 Number
23	18	2	1
23	18	2	1

The total staff costs and employees benefits were as follows:

	Group		Charity	
	Period ended 31 December 2020 £	Year ended 31 March 2020 £	Period ended 31 December 2020 £	Year ended 31 March 2020 £
Wages and salaries	569,871	545,482	51,186	38,518
Social security	41,244	48,166	3,503	1,362
Defined contribution pension costs	47,130	39,764	4,487	1,926
	658,245	633,412	59,176	41,806

The number of employees receiving total employee benefits (excluding employer pension costs and employers NI) of more than £60,000 are detailed below:

	Group		Charity	
	Period ended 31 December 2020 £	Year ended 31 March 2020 £	Period ended 31 December 2020 £	Year ended 31 March 2020 £
£70,001-£80,000	-	1	-	-
£60,001-£70,000	1	-	-	-

10 Fixed asset investments (Group and Charity)

	As at 31 December 2020 £	As at 31 March 2020 £
Listed investments	4,716,937	3,903,719
Mixed motive investments*	50,000	-
As at 31 December 2020	<u>4,766,937</u>	<u>4,716,937</u>

	Listed investments £	Total £
Valuation		
As at 1 April 2020	3,903,719	3,903,719
Additions	488,726	488,726
Disposals	(427,747)	(432,778)
Gain on revaluation	752,239	752,239
As at 31 December 2020	<u>4,716,937</u>	<u>4,716,937</u>

Investments at fair value comprise:

	31 December 2020 £	31 March 2020 £
Fixed interest	1,184,250	1,274,063
UK equities	1,252,171	1,062,044
Overseas equities	1,556,532	1,117,402
Alternatives	454,363	393,956
Cash within investment portfolio	269,621	56,254
	<u>4,716,937</u>	<u>3,903,719</u>

*The mixed motive investment consists of shares purchased in Low Carbon Hub IPS. On 17 December 2020, 50,000 shares with a nominal value of £1 per share were purchased. Interest will be a minimum of 2% per annum with the expected period of the investment being 10 years.

11 Fixed assets (Group)

	Leasehold improvements	Plant and Machinery	Office Equipment	Computer Equipment	Total
	£	£	£	£	£
Cost					
As at 1 April 2020	14,526	370	2,379	7,536	24,811
Additions	-	-	-	6,001	6,001
As at 31 December 2020	<u>14,526</u>	<u>370</u>	<u>2,379</u>	<u>13,537</u>	<u>30,812</u>
Depreciation					
As at 1 April 2020	653	62	112	766	1,593
Charge for the year	2,138	68	397	1,874	4,477
As at 31 December 2020	<u>2,791</u>	<u>130</u>	<u>509</u>	<u>2,640</u>	<u>6,070</u>
Net book value					
As at 31 December 2020	<u>11,735</u>	<u>240</u>	<u>1,870</u>	<u>10,897</u>	<u>24,742</u>
As at 31 March 2020	<u>15,996</u>	<u>308</u>	<u>77</u>	<u>6,837</u>	<u>23,218</u>

12 Debtors

	31 December 2020 £	Group 31 March 2020 £	Charity 31 December 2020 £	31 March 2020 £
Trade debtors	164,147	211,429	-	-
Prepayments and accrued income	60,324	76,270	-	19,706
Amounts due from MCS Service Company	-	-	-	-
	<u>224,471</u>	<u>287,699</u>	<u>-</u>	<u>19,706</u>

13 Cash at bank and in hand

	Group 31 December 2020 £	31 March 2020 £	Charity 31 December 2020 £	31 March 2020 £
Cash held in bank	1,541,947	1,639,566	701,579	441,406
Cash held in current asset investment	608,811	1,004,488	608,811	1,004,488
	<u>2,150,758</u>	<u>2,644,054</u>	<u>1,310,390</u>	<u>1,445,894</u>

14 Creditors: amounts falling due within one year

	Group 31 December 2020 £	31 March 2020 £	Charity 31 December 2020 £	31 March 2020 £
Trade creditors	35,694	23,742	13,615	2,560
Other taxation and social security	69,913	13,827	-	-
Other creditors	6,572	88,687	-	-
Accruals and deferred income	338,367	367,809	16,977	22,381
Amounts due to MCS Service Company	-	-	-	237,157
	<u>450,546</u>	<u>494,065</u>	<u>30,592</u>	<u>262,098</u>

15a Fund reconciliation**Unrestricted funds (Group)**

Balance at 1 April 2020 £	Income £	Expenditure £	Gains £	Balance at 31 December 2020 £
6,364,625	1,243,794	(1,644,296)	752,239	6,716,362
6,364,625	1,243,794	(1,644,296)	752,239	6,716,362

Balance at 1 April 2019 £	Income £	Expenditure £	Losses £	Balance at 31 March 2020 £
6,905,906	1,890,553	(2,174,560)	(257,274)	6,364,625
6,905,906	1,890,553	(2,174,560)	(257,274)	6,364,625

Unrestricted funds (Charity)

Balance at 1 April 2020 £	Income £	Expenditure £	Gains £	Balance at 31 December 2020 £
5,107,221	559,901	(372,626)	752,239	6,046,735
5,107,221	559,901	(372,626)	752,239	6,046,735

Balance at 1 April 2019 £	Income £	Expenditure £	Gains £	Balance at 31 March 2020 £
5,804,512	114,771	(554,788)	(257,274)	5,107,221
5,804,512	114,771	(554,788)	(257,274)	5,107,221

15b Analysis of net assets between funds

As at 31 December 2020	Group	Charity
	£	£
Investments	4,766,937	4,766,937
Tangible assets	24,742	-
Cash at bank and in hand	2,150,758	1,310,390
Net current liabilities	(226,075)	(30,592)
Total	6,716,362	6,046,735

As at 31 March 2020	Group	Charity
	£	£
Investments	3,903,719	3,903,719
Tangible Assets	23,218	-
Cash at bank and in hand	2,644,054	1,445,894
Net current liabilities	(206,366)	(242,392)
Total	6,364,625	5,107,221

16 Reconciliation of net income to net cash flow from operating activities

	Group	
	For the period ended 31 December 2020	For the year ended 31 March 2020
	£	£
Net income/(expenditure) for the year	351,737	(541,281)
Dividends and interest from investments	(87,855)	(114,771)
(Gains)/Losses on investments	(752,239)	257,274
Decrease in debtors	63,229	217,680
(Decrease)in creditors	(43,520)	(133,372)
Depreciation	4,477	1,593
Net cash flow from operating activities	(464,171)	(312,877)

17 Financial commitments

There are no financial commitments as at 31 December 2020 (Year ended 31 March 2020: NIL)

18 Related party transactions and ex gratia payments

£15,000 was paid to Solar Trade Association for whom trustee Gareth Williams is a Director. (Year ended 31 March 2020: £ NIL). £11,370 was paid to Herefordshire Green Network for whom trustee Gareth Williams is a Steering Group member. (Year ended 31 March 2020: £ NIL). Gareth Williams declared an interest in the grant applications from both organisations and left the Board meetings when these applications were meeting considered. As at 31 December 2020 there were no balances outstanding and the amounts paid in the financial year, were on an arms length basis. £49,050 was paid to Chris Roberts, by MCS Service Company, for fees as a consultant providing specialist support on MCS standards (Year ended 31 March 2020: £48,675).