

Company Registration No. 10119873

Charity registration number. 1165752

MCS Charitable Foundation

**Trustees' Report and Consolidated Financial
Statements for the year ended 31 December 2021**

MCS Charitable Foundation

Charity reference and administrative details

Trustees	Sandra Elizabeth Walmsley Fabio Silva Nehme (Chair) Charlotte Emma Powell Gareth John Williams (Vice Chair) Magdalena Zarowiecki Karen Shearer (Appointed 19 April 2022)
Chief Executive Officer	Adrian Ramsay
Charity Number	1165752
Company Number	10119873
Registered office	Suite G40 Innovation Centre Keckwick Lane Daresbury Warrington United Kingdom WA4 4FS
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MCS Charitable Foundation

Trustees' report (including statement of trustees' responsibilities)

For the year ended 31 December 2021

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 year ended 31 December 2021.

The trustees confirm that the Annual Report and financial statements of the charity comply with the Charities Act 2011, the Companies Act 2006, the requirements of the charity's governing documents and 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).

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.

MCS plays 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 MCS Service Company Ltd now operates as a trading arm of the Charitable Foundation. Surplus income from the Service Company is 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 homes and buildings.

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 Ltd (Company registration number 07759366), a company limited by guarantee. This report consolidates the financial reporting of the Group.

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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 – Resigned 16 December 2021

Charlotte Emma Powell

Magdalena Zarowiecki

Karen Shearer – Appointed 19 April 2022

The year marked the second full period of operation of the Charity. A Strategic Plan and budget were agreed at the end of 2020 building on the work completed during that year. The year saw the further roll out of the Charity's open grants programme and its research and advocacy function, both 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 further grew its executive team during the year, with a Director of Grants and Development and a Research and Campaigns Officer joining half way through the year.

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

Joint working between MCS Charitable Foundation and its subsidiary, MCS Service Company Ltd (which runs the MCS standards scheme), continued during the year, including through the adoption of a Group External Affairs Strategy. The two Chief Executives also work 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 undertook a process of reviewing the Group's governance structures that included commissioning a governance review that concluded in May 2021, aimed at preparing the Group for a significant expansion of activities focused on broadening its role as a convenor of the sector. The governance review was conducted by charity governance specialists Higgs LLP who made a variety of recommendations to ensure that the Charity is following good governance practice. This included a recommendation to revise the structure of the Charity and Company Boards and bring about a greater overlap between the membership of the two. This recommendation was implemented by the Charity Board soon after the governance review was completed, and Higgs continues to provide support in implementing other changes such as a refresh of the Charity Articles which was completed post year end.

During the year the membership of the Board of Trustees remained constant, with one long-standing Trustee standing down near the end of the year. Trustees resolved to review the skills required on the Board, to support the Charity's strategic objectives and then add to the Board's membership during 2022.

The Trustees consider that the Board of Trustees, the Chief Executive Officer, the Director of External Affairs and the Director of Grants and Development comprise the key management personnel of the Charity, with

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Trustees ensuring good governance and clear strategic direction, and the executive team leading the delivery of the strategy and Foundation operations. 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 (NCVO) and the Association of Charitable Foundations (ACF), 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 grants and sector convening work fail to meet the agreed objectives;
- Investment performance is below expectations or not adequately monitored;
- Significant government policy shift either drives installers away from MCS as a voluntary scheme or introduces competition;
- Social events affect operations, particularly of The MCS Service Company Ltd, e.g. further strict lockdowns;
- Over reliance on particular funding streams.

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.

Performance of the Charity's investments is monitored on a quarterly basis and during the year the value of the capital fund held by Rathbones increased substantially in value and more than recovered from the dip experienced at the first lockdown in spring 2020.

The MCS Service Company Ltd profits were very healthy in 2021, and the Group has established operations which are resilient to lockdowns and enable effective hybrid or home working as needed. The Company Business Plan has as a key aim ensuring that the MCS scheme remains attractive to and is simplified for the benefit of installers, consumers and stakeholders – and the scheme continues to see growth in the number of registered installers.

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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, was focused on supporting its trading company to maintain and improve quality standards in the sector; and on running 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, the Group External Affairs Strategy adopted in early 2021 had a focus on removing VAT on renewable energy installations, reforming building standards to require net zero in new build by 2023, supporting green finance solutions for the sector, and for a long-time incentive framework to support the growth of the sector.

For the open grants programme, first launched in February 2020, the Foundation agreed the following themes: education, skills and CPD; public awareness and consumer confidence; zero carbon planning and 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.

During 2021, the Charity reviewed its strategy based on feedback gained from the sector from its grant-giving and external affairs work. Through this work and the delivery of the MCS scheme, MCS as a group has an important leadership role to play in its sector and the Charity has developed activities to further develop this role. The first two initiatives of this sector convening work (provisionally entitled 'MCS Launchpad') began towards the end of 2021.

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The Green Jobs Action Group is the first of two initiatives with the aim of increasing the number of people employed across the domestic renewables sector. The second initiative is our partnership with the UK Green Building Council (UKGBC) which is supporting the Accelerator Cities project through the co-creation of mobilisation plans with leading combined and local authorities to help them faster implement their retrofit strategies.

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, all of which are featured on the Foundation's website with links to project outputs and research:

Research & Consumer Information

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

The purpose of the Value of Solar Homes project was to not only promote the installation of rooftop solar photovoltaic (PV) systems in the UK, but also demonstrate that they add value to your home.

The project did 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.

The project focussed on domestic properties only and looked at the costs and savings generated by solar systems and also looked at the increased value of domestic solar properties on resale values as an additional benefit and has achieved good government, media and industry success. The final research highlighted the range of values that installing solar PV added to a range of different types and locations of housing, showing that for the typical UK home, solar PV added £1,800 to the value.

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 now have a reliable way of assessing or explaining the value of solar property.

Development & Policy

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

This project demonstrated how zero carbon in new build can be achieved. The project was 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 are 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 project funded by MCS Foundation saw the development of net zero 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.

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MCS Foundation funding has developed best-practice resources, namely, 10+ detailed case studies of net zero housing projects, plus; model policies for Employer's Requirements that set specifications for net zero and health and wellbeing outcomes.

Skills & Education

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

Schools account for around 2% of the country's total 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.

This was a pilot project supporting four schools in the London Borough of Hackney to devise and implement a plan to reduce their carbon emissions and move towards zero carbon. Students at the four schools were 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. Green Schools Project ran a pilot of a new Zero Carbon Schools programme with four schools in Waltham Forest in 2020-21.

The programme was originally intended to last a full year but, due to the pilot taking place during the pandemic, schools had significantly less time than this. However, the pilot was successful in testing most aspects of the programme model and there were some encouraging results.

Community Capacity Building

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

Ashden's Liveable Cities programme is using funding from MCS Foundation to identify the most promising actions that local authorities can deliver to help tackle climate change, such as buildings retrofit and renewable energy.

The project brought 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.

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

Urban areas, and London especially, tend to be under-represented in community and buildings-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 was to support London local authorities with the outputs being developed alongside Community Energy England (CEE) such that they can also be shared with other urban/city-based local authorities.

The project saw the completion of a briefing document for London Community Groups on the status of the Climate Emergency Declarations, a paper for councils that sets out findings and case studies, and the design

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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.

The following projects were commissioned during the year:

Research & Consumer Information

Housing Archetypes & Heat Pump Deployment (delivered by Plymouth Energy Community) – work started during the year:

To reduce emissions from heat there is a need to drastically increase heating from renewable resources. There is a push towards the electrification of heating through national policies and in line with the Government's legal obligations and as such all new residential properties will not be connected to the gas grid from 2025 meaning there is a need for suitable alternatives. Mass deployment of heat pumps is likely to be key to achieving these aims.

While heat pumps are a renewable technology capable of being deployed on residential properties there are many barriers to their deployment, which has resulted in a low uptake across the UK that all have a significant impact on the deployment of residential heat pumps. Through this project PEC aims to tackle these problems by focussing on the qualities of different housing archetypes and what retrofit measures are required for each to allow for optimum heat pump installations will allow us to work towards removing these barriers.

The project will develop a model and heat pump calculator which will be tested in Plymouth and will then be made available for wider use to help determine how heat pumps can best be used in the most common housing archetypes across the UK.

Burning Sunshine (delivered by Solar Energy UK) – work started during the year:

This project will generate original evidence on the role of solar and storage technologies in decarbonising the provision of heat in the UK. Its aim is to inform the development of heating policy that maximises the contribution of onsite solar heating. The project will build on previous work supported by the MCS Foundation looking at the Value of Solar Property.

The research will directly support improvements in the design and installation of renewable and low carbon energy projects into the UK's building stock, helping to advance environmental protection and improvement.

Development & Policy

Decarbonising heat in Scotland's Buildings (delivered by WWF) – work started during the year:

The overall objective of the project is to ensure that the Scottish Government has a clear strategy and brings forward new policies to decarbonise gas heated buildings.

Heating buildings accounts for a quarter of Scotland's carbon emissions, and we cannot tackle the climate emergency without rapid action in this area. The majority (80%) of buildings use fossil gas for heating and finding and deploying renewable solutions for these remains the key challenge in this sector.

WWF and MCS have helped secure ambitious targets for heat decarbonisation from the Scottish Government over the past year; for example, the September 2020 commitment to increase annual low-carbon heating system installations from 2,000 today to 65,000 by 2025. However, significant uncertainties and challenges

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remain on the road to securing the policies and legislation to deliver these targets in the real-world. These challenges include how to support households and particularly the fuel poor with the costs of the transition, a lack of industry consensus (with various lobbies pushing preferred solutions) and concerns regarding the potential for a just transition and impacts on existing jobs (e.g. gas networks and heating engineers).

WWF Scotland has a strong and established track record of working with the Scottish Parliament and Scottish Government to secure better decisions for our environment. WWF and MCS will use the recommendations report to inform our advocacy work with stakeholders, the Scottish Parliament and Scottish Government to secure the funding, policy and regulation required to drive the switch away from gas boilers required to meet its Net Zero targets and to decarbonise housing in Scotland.

The Community Energy Revolution (delivered by Power for People) – work started during the year:

Community energy currently accounts for less than 0.5% of the UK's electricity generation. It could be twenty times more than this, but it is being blocked by outdated energy market regulations which favour a centralised supply model.

The heart of the problem is disproportionate costs. Becoming an electricity supplier involves set up and running costs of millions of pounds, no matter how large or small your operation. This effectively blocks community-scale suppliers from entering the market.

To solve the problem, Power for People has drafted the Local Electricity Bill and is campaigning for it to be made law. This would establish a 'Right to Local Supply' and proportion the costs of selling clean electricity to the scale of the local supplier's operation. Many more community energy projects would become viable as a result.

With more of the profits from clean electricity circulating locally, there would be more investment in local services and facilities and this would create a powerful incentive to build more renewable energy infrastructure. Communities would thrive as they contribute meaningfully to the UK's net zero transition.

This campaign is winnable, as evidenced by widespread parliamentary and public support. A cross-party group of over 260 MPs now support the Bill, along with an ever-growing coalition of national and local organisations.

Community Capacity Building

Ambleside to Zero (A to Z) (delivered by the Ambleside Action for a Future (AAFAF)) – work started during the year:

Ambleside Action for a Future is a network of local residents working together to mitigate climate and environmental breakdown and build community resilience.

There are several initiatives that the A-Z are working on to help lower the towns carbon footprint, and the two largest of these are:

'Warmer Homes': reducing the energy we use within our homes by improving their energy efficiency is a huge challenge for many buildings in our area, many of which are old and poorly insulated. This group is developing ways to help residents take the action required, which will save energy, save money, and make homes more comfortable to live in.

'Renewable Energy': reducing our reliance on fossil fuel energy and harnessing the power of the sun (even in the Lake District!) is one of the primary objectives, as it will lower our carbon footprint significantly. There are

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already over 50 households with solar installations in the town and are now developing solar schemes with some of the larger community buildings & larger businesses in the town. AAFAF are also developing an 'approved solar installer' scheme for residential homes and smaller businesses.

All the AAFAF projects rely on strong engagement with the local community, whether it be residents or businesses. Our funding will be used to increase awareness of the A-Z project, and to sign participants up to the key initiatives, to create the initial momentum that will be so important in reaching the aims of the project.

Building Capacity for Community Energy through Regional Networks (delivered by Community Energy England (CEE)) – work started during the year:

Community energy brings people together to take democratic, collective climate action with a wide range of local co-benefits. The sector has already achieved a huge amount but faces increasing obstacles and a challenging policy landscape.

Community Energy England is the membership network and representative body for the sector, and in this project will increase its engagement across the country to track evolving sector needs and challenges more effectively. This will enable CEE to build partnerships and support at a regional and local level, coordinate the sharing of learning and develop new resources, and support development of regional networks, to help stimulate successful community energy organisations and facilitate growth in the sector.

Sector Convening Activities

During the latter part of the year the Foundation established two 'launchpad' groups aimed at using its convening role to drive initiatives to support the growth of the sector.

Green Jobs Action Group (GJAG)

The aim of the GJAG is to advise, support, and promote investment in education and skills at all levels across the domestic renewables and low carbon energy sector. The group is partnership led and will operate as a sector-wide skills and jobs advisory group. It will inform both the content and delivery of training and skills initiatives, with a three-fold aim: to increase the number of people employed across the domestic renewables sector; to support the government's ambition for the installation of 600,000 heat pumps a year by 2028; and ensure that training programmes and skills have been upgraded to help facilitate the green industrial revolution. The group comprises Government departments, the educational sector, industry representatives and local authorities, as well as representatives from trade associations and the installer community. An initial meeting of the group was held in December to identify potential workstreams.

Accelerating Cities (partnership with UK Green Building Council (UKGBC))

Following exploratory research in 2019, UKGBC began coordinating a programme of work in 2020 designed to support local government catalyse a step-change in home retrofit. The programme, 'Accelerator Cities', has a single core objective – to help local and combined authorities to develop home retrofit policy and programmes. It does this primarily through co-ordinating the sharing of replicable best practice, lessons learned, evidence, case studies and resources between local authorities on a range of key issues – including finance, consumer engagement and skills.

The current programme builds on the previous UKGBC work and will focus on the challenges for local authorities of retrofit strategy, finance, skills and consumer engagement – treating these key topics not in

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siloes, but as intrinsically linked. It is intended to use this project to build the intelligence and partners that can form the business case for a mass scale retrofit demonstrator project that can be a learning and development tool for the whole sector.

External Affairs

The Charity is helping to change the policy landscape and accelerate the decarbonisation of our homes, heat and energy, through our research and government engagement. We commission reports, conduct literature reviews and use the independent science to inform our position, which is then used to help inform policy creation within Government.

Our current priority areas of work include the case for removing VAT from renewable energy installations, reform of the building regulations to require net zero in new build by 2023 and moving green levies away from electricity so as to improve the economics of the electrification of heat. In addition, the Charity is working to demonstrate the case for heat pumps as a central solution to the decarbonisation of heat (and a technology available today), promote green finance solutions for the sector and – centrally to our founding purpose – to advance the case for standards to be written in as central to regulations and incentive schemes.

On all these topics, the Charity advanced the case during the year through commissioning research, building evidence, engaging with industry and academic and non-governmental organisation sector specialists. The Charity also worked to make its evidence available to policy makers and government through responding to around 60 consultations, building relationships with civil servants and where appropriate engaging directly with politicians from across the political spectrum.

Activity of the MCS Service Company 2021

2021 was a year of recovery for The MCS Service Company Ltd (Company), following the impact COVID-19 had on the market during the prior year. The sector proved resilient, bouncing back strongly, especially during the second half of the year, stimulated in part by the Green Homes Grant (GHG) voucher scheme. As a result of a stronger than expected market and the delivery of a number of initiatives to drive contractor certification, the Company delivered a healthy financial surplus, significantly above budget for the year.

Certification to MCS was a requirement for the GHG voucher scheme and although the scheme was withdrawn earlier than planned due to operational challenges, it did nevertheless stimulate consumer interest in Heat Pumps. 30,000 Heat Pump installations were registered under MCS in the year, part of nearly 100,000 installations, over 60% of which were for Solar Photovoltaic (PV), maintaining the historical dominance of this technology over others covered by MCS.

The total number of contractors (businesses) certified under MCS as at the end of 2021 had increased by 469 to over 2,100 contractors. Many of whom became certified to install Heat Pumps as a low carbon heating technology. This trend in new installers on the Scheme could potentially signal a more equal split of MCS technologies installed in future years, although Solar PV has never been more popular since the closure of the Feed in Tariff in March 2019.

Renewing Britain

At the beginning of 2021, MCS Group published a landmark report titled, *Renewing Britain: The Changing Landscape of Home-Grown Energy 2008 – 2021*. This report uncovered 14 years' worth of data held in the MCS Installation Database (MID), against a backdrop of a UK target to reach net-zero by 2050.

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Since 2008, MCS has registered over 1.2 million installations of the five major renewable energy technologies, generating 34,000 GWh-plus of energy, and saving nearly 10 million tonnes of CO₂e – roughly equivalent to the electricity consumed annually by 9.65 million homes.

The report revealed Britain's small-scale renewable energy 'deserts and forests'. Rural forests and urban deserts highlighted a huge disparity in adoption of domestic green energy. The report highlights that the pace of installing small-scale renewables is achingly slow in the context of the 2050 target: 1.2 million installations over 14 years suggests a rate of just 100,000 per annum, even in a period when Solar PV boomed. At the current rate of installations it would take 250 years to reach all households.

Another busy year for Standards development

2021 continued the trend under the new Company leadership, in so far as standards related activity is concerned. Since 2019 and under a 'new MCS', 82 standards related projects have been delivered, compared to 44 in the previous 10 years.

Amongst 2021's standards related highlights was the launch of the industry's first standard for the installation of battery storage systems. The new Battery Installation Standard (MIS 3012) outlines the requirements for MCS certified installers who supply, design, and install electrical energy storage or battery systems with a capacity of up to 50kW. This standard represents a first for MCS in that it covers energy storage versus energy generation.

In a further departure from traditional 'microgeneration', MCS also published a new Standard for the maintenance of Biomass Boilers. Its publication came following several months of industry engagement for the design of this new Standard to help improve the air quality of emissions from biomass boilers. The Standard was commissioned following the government's Clean Air Strategy 2018, Urban Biomass Consultation, and the findings of KIWA's research into the 'measurement of the in-situ performance of solid biomass boilers'.

The Department of Business, Energy and Industrial Strategy (BEIS) were actively involved in the associated working group, linked to a plan the government has to introduce a requirement for the owners of biomass boilers in receipt of the Renewable Heat Incentive (RHI), to carry out annual preventative maintenance checks on their Biomass Boilers.

Industry support

In support of MCS contractors certified for the installation of Solar PV, in 2021 the Company announced a new Solar Energy UK (SEUK) affiliate membership offer. Open to all solar MCS installers, this partnership agreed by the Company allows installers to join an affiliate membership package and become a valued member of the UK's trade association for solar and storage. As affiliate members, installers will have access to SEUK's regular newsletters, monthly webinars, and policy briefings.

In 2021 the Company published the findings from a consultation which aimed to establish how so called Umbrella Schemes operate, the forms they take and how they comply with current Standards. The umbrella scheme consultation launched at the end of September and invited industry participation in an information gathering exercise.

In this context, 'umbrella schemes' are operated by MCS certified organisations who typically complete the design and commissioning of a new system but subcontract all, or elements of, the installation of the system. MCS received just over 100 responses to the questionnaire and in addition, spoke directly to a number of operators of umbrella schemes.

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This exercise provided a comprehensive set of findings on what is a contentious subject for the industry. Three 'outcomes' were determined following the consultation, which the Company intends to deliver on during 2022.

The first outcome will see MCS develop and issue clear guidance to Certification Bodies, who as a result, will be expected to both identify the operation of umbrella schemes in their base of MCS contractors and then effectively assess the associated compliance risks, proportionate to the scale and complexity of an umbrella scheme's operations.

A second outcome will see MCS publish a report to share umbrella scheme best practice, acting as a benchmark for all schemes of this nature to aspire to.

As a final outcome, MCS will assess how umbrella scheme customers are protected today, compared to and in contrast with what is written in MCS 001-1, the main MCS Contractor Standard, in relation to contracts with customers and subcontracting arrangements. This assessment may result in changes to MCS 001-1.

Sector Skills & Training

In recognition of the importance installer competency plays in the delivery of quality installations for consumers, the Company delivered on a number of skills and training initiatives during the year.

Funded by the MCS Charitable Foundation, these initiatives included the development of a Level 3 short course in Heat Pump Installation and Maintenance, offered to already qualified gas and heating engineers wishing to move into low carbon heating.

In addition, the Company facilitated the development of an energy storage (battery) installation course to complement the new Battery Installation Standard (MIS 3012).

The Company also formed an employer group for the development of a new specialist apprenticeship – Low Carbon Heating Technician – in response to sector feedback that the existing Plumbing and Domestic Heating apprenticeship does not adequately provide for training and skills in low carbon heating technologies, especially for the design and installation of Ground / Water Source Heat Pumps. The launch of the new apprenticeship scheme aims to create a new wave of highly skilled Renewables Technicians, ready to help deliver a net zero future.

Achievements and Performance

a) Achievements During the Year

During the year, the Foundation achieved the following;

- Launched the Green Jobs Action Group (GJAG) bringing together representatives from four Government departments, trade associations, training associations, relevant NGO's and other key stakeholders to advise, support, and promote investment in education and skills at all levels in the Microgeneration and Low Carbon Energy Technology sector;
- Formed a strategic partnership with UKGBC which is supporting the Accelerator Cities programme through the co-creation of mobilisation plans with leading combined and local authorities to help them implement their retrofit strategies faster;
- Revised our grant funding criteria to reflect our strategic direction and focus to enable the scaling up of whole house retrofit;
- Continued to attract healthy competition for our grant funding from innovative projects that can deliver a step change impact;

**Trustees' report (including statement of trustees' responsibilities)
For the year ended 31 December 2021**

- Played an active role in supporting the delivery of several key grant-funded projects;
- Rebounding quickly from the COVID-19 pandemic in terms of MCS Company trading income;
- Launched the Renewing Britain Report providing data to the sector on renewable energy installations over a 14 year period;
- Commissioned and launched a new report on zero rating VAT from tax experts Tait-Walker which gained media coverage and went to the Treasury and Government and shadow ministers;
- Achieved official observer status at COP26 and had a very successful conference engaging with all key Ministers, former prime minister, Mark Carney, The Welsh First Minister, Lord Deben; and
- Responded to over 50 Government consultations and calls for evidence on our key areas of work and conducted research on a number of central topics, helping establish MCS Foundation as credible and reliable source of information on our key areas of work.

Financial Review

a) Financial Review Summary

The Foundation made a surplus, after investment gains of £446,220 (2020: £752,239), of £456,503 (2020: £351,737) in the year.

During the year the Foundation's income amounted to £3,261,032 (2020: £1,243,794). The majority of the income related to trading income from the subsidiary of £3,156,305 (2020: £1,156,019 which included £18,555 of furlough income received). The remainder being income of £104,727 (2020: £87,855) from the investments held.

The costs of the Foundation for the year amounted to £3,250,749 (2020: £1,644,296). £671,758 (2020: £275,132) of expenditure incurred related to costs with respect to its charitable objectives. £2,578,991 (2020: £1,369,164) related to trading costs of The MCS Service Company Ltd.

At 31 December 2021 the Foundation held £5,306,613 (2020: £4,766,937) in investments which includes £50,000 of shares invested in Low Carbon Hub IPS and £25,000 of shares invested in People Powered Retrofit schemes. £1,927,249 (2020: £2,150,758) was held in cash at bank.

The Foundation's total funds at the year end amounted to £7,172,865 (2020: £6,716,362).

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. Trustees are pleased that in 2021 the Foundation made a surplus.

b) Reserves Policy

The objective of our reserves policy is to ensure that the Group maintains sufficient cash and readily realisable assets to enable it to withstand any shortfall in income or unforeseen expenditure while any necessary adjustments are made to the Group's operations. Our reserves have enabled us to respond to the impact of the pandemic in a measured way, without having to rush serious decisions that will have a long-term effect on the future of the group and its activities.

**Trustees' report (including statement of trustees' responsibilities)
For the year ended 31 December 2021**

The appropriate basis for the Foundation's reserves policy is managed cash and investments, rather than accounting reserves as reflected in the Group's consolidated balance sheet.

Group managed cash and Investments	2021 £000	2020 £000
Investments	5,307	4,767
Cash and short-term deposits	1,927	2,151
Exclusions*	-75	-50
Total	7,159	6,868

*Exclusions consist of mixed motive investments that are considered illiquid.

The Trustees' minimum expectation is to maintain sufficient managed cash and investments to fund at least three months of annualised forecast gross cash outflows. The Group's reserve policy is currently under review.

The total managed cash and investments at 31 December 2021 was £7.2m, which represents twenty months of budgeted cash outflows for the year. All funds held are unrestricted. The Trustees are comfortable with holding a large reserves balance as it is heavily reliant on the trading profits of the subsidiary being its main source of income, funding its grant making and operational outflows. Should the trading subsidiary experience disruptions to operations, the Charity will look to rely on investment income to fund its operational activities in the short term.

The Group is budgeting to spend £360k cash per month during 2022, a total of over £4.3m for the year. We anticipate our investment portfolio to reduce in 2022, largely due to the broader economic conditions impacted by the war in Ukraine. The Trustees are currently reviewing the investment portfolio in terms of size, risk appetite, asset allocation and length of investment terms applied.

c) Principal Funding

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

d) Fundraising Policy

The Trustees take their responsibility under Charities (Protection and Social Investment) Act 2016 seriously and have considered the implications on their activities. The Foundation has not to date engaged in fundraising work, and future fundraising and financial partnership work is likely to be with other Foundations and institutions. The Charity does not actively raise funds or solicit donations directly from the general public. The charity does not work directly with commercial sponsors in relation to fundraising. The Trustees are not aware of any complaints made in respect of fundraising during the period.

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).

**Trustees' report (including statement of trustees' responsibilities)
For the year ended 31 December 2021**

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 2021, the market value of investments held amounted to £5,231,613 (2020: £4,716,937). During the year the investments yielded investment income of £104,727 (2020: £87,855) and unrealised investment capital gains of £446,220 (2020: £752,239).

During 2020 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, two such investment has been made totalling £75,000 (Period ending 31 December 2020 - £50,000) with other potential projects to be reviewed as and when they are put forward by Ethex.

Plans for the Future

In late 2021, a refreshed strategy for MCS Group was adopted. As well as the ongoing enhancement of the MCS scheme and how it serves installers and consumers, the strategy seeks to harness all the group's assets to maximise the Charity's role as a convenor in the sector. Specific aims for 2022 include:

- Develop the Charity's sector convening role, in particular using the Green Jobs Action Group to identify and take forward initiatives to drive the growth of skills and training in the sector;
- Advance the Accelerating Retrofit programme, in partnership with UKBGC, to support leading local authorities in formulation and advancement of mass retrofitting plans;
- Build partnerships with other funders to seek to accelerate the much-needed investment into scaling up the decarbonising of homes and buildings at an area-by-area level;
- Refine the Charity's grant-giving programme to focus more fully on accelerating retrofitting of homes;
- Deliver research, evidence and advocacy in support of the group's key external affairs objectives, for example around the case for removing VAT from renewable energy installations and bringing forward net zero requirements for new build;
- Review the Charity's brand in light of the new strategy and enhance the communication of MCS Group's knowledge and evidence to the sector;
- Refresh and update the governing documents of the Charity and Company in line with the recent governance review and in support of group objectives;

**Trustees' report (including statement of trustees' responsibilities)
For the year ended 31 December 2021**

- 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 Group; 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 2022

The Company's plans for the year ahead are aligned to four main themes:

1. To build on the platform created over the last three years, that has re-established the credibility of MCS, to now effect a step change in Scheme accessibility and compliance to the Standards.

During the first half of 2022, this will include the launch of the MCS Wizard. This will mark the start of a significant change in how the Scheme supports contractors to achieve certification. The current certification process is complicated and involves contractors contacting various organisations outside of MCS, including a choice of Consumer Code and Certification Body. The first phase of the Wizard will be integrated with RECC as the pilot Consumer Code and OFTEC and NAPIT as the pilot Certification Bodies.

2. Extend the value of the Scheme, offering a new consumer protection proposition that will aim to radically simplify complaint handling and a consumer's access to recourse, and at the same time be of greater appeal to certified Contractors than the current model. In so doing, the MCS Company intends to deliver on its mission 'To give people confidence in low-carbon energy technology by defining, maintaining and improving quality'.

During the year, the Company will respond to a market research and sector consultation commissioned towards the end of 2021, that has explored the effectiveness of current consumer protections offered under the Scheme. As the Scheme works today, a response to a consumer's issue is dependent on the decision their Contractor makes as to which Certification Body, Consumer Code and Insurance Backed Warranty provider they wish to be associated with. It is essential therefore that in the future the sector's complaints and decisions taken for their resolution, are consistent and seen to be aligned to a clear statement of what consumers can expect if things do go wrong.

A planned investment in this area will create a responsive audit and compliance programme for launch during the second half of 2022. This will offer the Scheme an outcome, installation quality focused audit programme that can respond to consumer and Scheme concerns as to the quality of a contractor's installations (as evidence of a contractor's management of quality).

3. Further invest in the MCS team, our people and our facilities, ensuring that the Company is able to deliver on the significant opportunities that arise from the UK's transition to renewable energy and the role to be played by the adoption of small-scale renewable energy technologies. This will include a move to a larger office based on the same campus as the Company's existing office accommodation.
4. Prepare for a post subsidy environment by determining the MCS consumer proposition, with the aim of positioning the MCS brand as adding value to every stage in the consumer journey. This is likely to be achieved through the provision of MCS support and guidance during the consumer decision-making process, connecting consumers with competent installers at the point of purchase, offering installation and post installation support, and the potential for MCS to have an ongoing engagement with consumers

Trustees' report (including statement of trustees' responsibilities)

For the year ended 31 December 2021

for years after their installation, including in monitoring system performance and signposting certified maintenance services.

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.

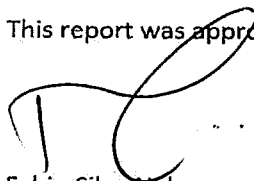
In approving the Trustees' Annual Report, we also approve the Strategic Report included therein, in our capacity as company directors.

Auditors

Saffery Champness LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

**Trustees' report (including statement of trustees' responsibilities)
For the year ended 31 December 2021**

This report was approved by the Trustees on 30 June 2022 and signed on their behalf by:



Fabio Silva Nehme
Chair, Board of Trustees

MCS Charitable Foundation

Independent auditor's report to the Members and Trustees of MCS Charitable Foundation For the year ended 31 December 2021

Opinion

We have audited the financial statements of MCS Charitable Foundation (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 December 2021 which comprise the consolidated statement of financial activities, consolidated balance sheet, charity balance sheet, consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the group and the parent charitable company as at 31 December 2021 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.

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 trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

MCS Charitable Foundation

Independent auditor's report to the Members and Trustees of MCS Charitable Foundation For the year ended 31 December 2021

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.

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' Annual Report which includes the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report which includes the Directors' 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 its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- proper 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.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

**Independent auditor's report to the Members and Trustees of MCS Charitable Foundation
For the year ended 31 December 2021**

In preparing the financial statements, the trustees are responsible for assessing the group and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the 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 as auditors under the Companies Act 2006 and report in accordance with regulations made under that Act.

Our objectives are to obtain reasonable assurance about whether the group and parent 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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the group and parent charitable company's financial statements to material misstatement and how fraud might occur, including through discussions with the trustees, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the group and parent charitable company by discussions with trustees and updating our understanding of the sector in which the group and parent charitable company operate.

Laws and regulations of direct significance in the context of the group and parent charitable company include The Companies Act 2006, guidance issued by the Charity Commission and relevant employee and tax legislation.

Audit response to risks identified:

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the parent charitable company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the parent charitable company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

**Independent auditor's report to the Members and Trustees of MCS Charitable Foundation
For the year ended 31 December 2021**

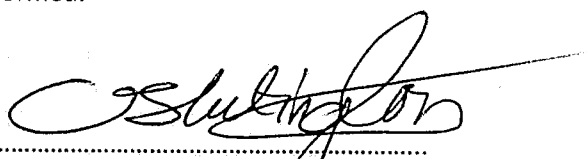
During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of our report

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



**Cara Turlington (Senior Statutory Auditor)
for an on behalf of Saffery Champness LLP**

**Chartered Accountants
Statutory Auditors**

30 June 2022

71 Queen Victoria Street
London
EC4V 4BE

MCS Charitable Foundation

**Consolidated statement of financial activities (including the income and expenditure account)
For the year ended 31 December 2021**

		Year ended 31 December 2021 Unrestricted funds £	Period ended 31 December 2020 Unrestricted funds £
	Notes		
Income from:			
Other trading activities	3	3,156,305	1,137,464
Investments	4	104,727	87,855
Other income	5	-	18,555
Total income		3,261,032	1,243,794
Expenditure on:			
Other trading activities	3	2,578,991	1,369,164
Charitable activities	6	671,758	275,132
Total expenditure		3,250,749	1,644,296
Net income/(expenditure) before investment movement		10,283	(400,502)
Other recognised gains/(losses):			
Net gains on investments	12	446,220	752,239
Net movement in funds		456,503	351,737
Reconciliation of funds:			
Total funds brought forward		6,716,362	6,364,625
Total funds carried forward		7,172,865	6,716,362

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

All income and expenditure derive from continuing activities.

The notes on pages 27 to 40 form part of these financial statements.

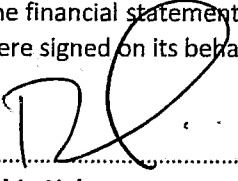
The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

MCS Charitable Foundation

Consolidated balance sheet as at 31 December 2021

		2021		2020	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	11		25,229		24,742
Investments	12		<u>5,306,613</u>		<u>4,766,937</u>
			5,331,842		4,791,679
Current assets					
Debtors	13	565,025		224,471	
Cash at bank and in hand		<u>1,927,249</u>		<u>2,150,758</u>	
		2,492,274		2,375,229	
Creditors: amounts falling due within one year	14	<u>(651,251)</u>		<u>(450,546)</u>	
Net current assets			1,841,023		1,924,683
Total assets less current liabilities			<u>7,172,865</u>		<u>6,716,362</u>
Net assets			<u>7,172,865</u>		<u>6,716,362</u>
Funds					
Unrestricted funds		7,172,865		6,716,362	
		<u>7,172,865</u>		<u>6,716,362</u>	
Total funds			<u>7,172,865</u>		<u>6,716,362</u>

The financial statements were approved and authorised for issue by the Board of Trustees on 30 June 2022 and were signed on its behalf by:


.....

Fabio Nehme
Chair and Trustee
Company Registration No. 10119873

Date: 30 JUNE 2022

The notes on pages 27 to 40 form part of these financial statements.

MCS Charitable Foundation

Charity balance sheet as at 31 December 2021

		2021		2020	
	Notes	£	£	£	£
Fixed assets					
Investments	12		5,306,613		4,766,937
Current assets					
Debtors	13	18,792		-	
Cash at bank and in hand		563,971		1,310,390	
		<u>582,763</u>		<u>1,310,390</u>	
Creditors: amounts falling due within one year	14	(23,857)		(30,592)	
Net current assets			<u>558,906</u>		<u>1,279,798</u>
Total assets less current liabilities			<u>5,865,519</u>		<u>6,046,735</u>
Net assets			<u>5,865,519</u>		<u>6,046,735</u>
Funds					
Unrestricted funds		5,865,519		6,046,735	
		<u>5,865,519</u>		<u>6,046,735</u>	
Total funds			<u>5,865,519</u>		<u>6,046,735</u>

As permitted by Section 408 of the Companies Act 2006 no separate Statement of Financial Activities for the charity alone has been presented. The net deficit of the parent company charity for the year was £181,216 (2020: surplus of £935,514).

The financial statements were approved and authorised for issue by the Board of Trustees on 30 June 2022 and were signed on its behalf by:


.....

Date: 30 JUNE 2022

Fabio Nehme
Chair and Trustee
Company Registration No. 10119873

The notes on pages 27 to 40 form part of these financial statements.

MCS Charitable Foundation

**Consolidated cash flow statement
For the year ended 31 December 2021**

		2021		2020	
	Notes	£	£	£	£
Cashflow from operating activities					
Net cash flow used in operating activities	18		(226,313)		(464,171)
Cashflow from investing activities					
Purchase of tangible fixed assets		(8,467)		(6,001)	
Purchase of investments		(1,032,211)		(538,726)	
Proceeds on disposal of investments		938,755		427,747	
Income received from investments		104,727		87,855	
Net cash generated from/(used in) investing activities			2,804		(29,125)
Net decrease in cash and cash equivalents			(223,509)		(493,296)
Cash and cash equivalents at beginning of year			2,150,758		2,644,054
Cash and cash equivalents at end of year			<u>1,927,249</u>		<u>2,150,758</u>
Relating to:					
Cash held in bank			1,615,769		1,541,947
Cash held in current asset investment			311,480		608,811
			<u>1,927,249</u>		<u>2,150,758</u>

The notes on pages 27 to 40 form part of these financial statements.

1 Accounting policies

Company information

MCS Charitable Foundation is a charity incorporated as a company limited by guarantee in England and Wales. 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 registered office is Suite F40 Innovation Centre, Keckwick Lane, Daresbury, Warrington, WA4 4FS.

1.1 Accounting convention

The financial statements have been prepared in accordance with the accounting policies set out below, the Companies Act 2006 and the second edition of the Charities SORP (FRS 102) "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 statements have been prepared under the historical cost convention, as modified by the inclusion of investments at market value.

The charity meets the definition of a public benefit entity under FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest £.

The group financial statements incorporate the financial statements of the parent charitable company and its subsidiary undertaking for the year ended 31 December 2021.

1.2 Going concern

Having considered the working capital requirements of the charity and group alongside cash flow projections, budgets and the cash available within the business, the Trustees believe that the charity will continue in existence for at least twelve months following the approval of these financial statements. The group had a strong cash balance of £1,927,249 as at 31 December 2021. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.3 Reporting period

The comparative figures included in these financial statements are for the 9 month period ended 31 December 2020 and are not therefore directly comparable.

1.4 Charitable funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity unless the funds have been designated for other purposes.

1.5 Income

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 other 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.

1.6 Expenditure

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.

1.7 Tangible fixed assets

Expenditure on the acquisition of individual tangible fixed assets that cost more than £1,000 are capitalised at cost and subsequently measured at cost, net of depreciation and any impairment losses. The cost of tangible fixed assets is their purchase cost together with any incidental costs of acquisition.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	20% per annum straight line basis
Plant and equipment	25% per annum straight line basis
Office equipment	20% per annum straight line basis
Computer equipment	25% per annum straight line basis

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.

Notes to the financial statements
For the year ended 31 December 2021

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognised in net income/(expenditure) for the year.

1.8 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.9 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.

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 cost less impairment. Mixed motive investments will be reviewed for impairment annually.

1.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

1.11 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

1.12 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Operating leases

Rentals payable under operating leases, including any lease incentives received, are charged to expenditure on a straight-line basis over the term of the relevant lease.

1.15 Taxation

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 and consequently no provision has been made for either corporation tax or deferred tax.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The key areas of the financial statements that we consider to be subject to estimation or judgement are as follows:

Investments

The accounting policies for investments and mixed motive investments are disclosed in note 1.9.

3 Income and expenditure from other trading activities

	Group	
	Year ended	Period ended
	31 December	31 December
	2021	2020
	£	£
MCS Service Company income	3,156,305	1,156,019
MCS Service Company expenditure	(2,578,991)	(1,369,164)
	577,314	(213,145)

All income from other trading activities in the current and prior year was unrestricted.

MCS Charitable Foundation has 100% control of The MCS Service Company Ltd (company registration no. 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 2021.

3 Income and expenditure from other trading activities (continued)

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 alone for the year ended 31 December 2021 is as follows:

	Year ended 31 December 2021 £	Period ended 31 December 2020 £
Turnover	3,216,911	1,265,456
Administrative expenses	(2,579,192)	(1,381,390)
Profit/(loss) before taxation	637,719	(115,934)
Gift aid payment to MCS Charitable Foundation	-	(471,846)
Net profit/(loss) for the year	637,719	(587,780)
Fixed assets	25,229	24,740
Current assets	1,914,009	1,064,838
Current liabilities	(631,894)	(419,954)
Net assets	1,307,344	669,625

4 Income from Investments

	Group	
	Year ended 31 December 2021 £	Period ended 31 December 2020 £
Dividends from investments	104,727	87,855

All Income from Investments in the current and prior year was unrestricted.

5 Other income

	Group	
	Year ended 31 December 2021 £	Period ended 31 December 2020 £
Government grant	-	18,555

All other income in the prior year was unrestricted.

The government grant relates to the Coronavirus Job Retention Scheme. No other income was received from government sources in the current or prior year.

Notes to the financial statements
For the year ended 31 December 2021

6 Expenditure on charitable activities

	Group	
	Year ended 31 December 2021 £	Period ended 31 December 2020 £
Project management and delivery costs*	373,010	140,863
Cost of generating funds		
Investment manager fees	33,641	22,534
Support costs		
Staff costs	123,637	51,186
Travel costs	4,146	264
Accountancy fees	9,631	5,040
Other costs	52,543	16,859
Governance costs		
Trustees' expenses	1,110	1,080
Audit fees**	9,981	12,706
Other costs		
Legal & professional fees	40,059	24,600
Consultancy costs	24,000	-
	671,758	275,132

*The total project management and delivery costs of the group in the period are listed below. Grants are only awarded to institutions, not individuals, and details of grant recipients are included in brackets below.

	Year ended 31 December 2021		Period ended 31 December 2020	
	Grants £	Programmes £	Grants £	Programmes £
Development and Policy				
Net Zero New Build (<i>Good Homes Alliance</i>)	13,500	-	13,500	-
Superhomes Rating Scheme (<i>National Energy Foundation</i>)	15,000	-	15,000	-
Energy Sleeving Pool (<i>Bristol City Council</i>)	9,555	-	-	-
The Community Energy Revolution (<i>Power for People</i>)	5,000	-	-	-
Accelerator Cities (<i>UK Green Building Council</i>)	15,000	-	-	-
Decarbonising Heat in Scotland's Buildings (<i>WWF Scotland</i>)	15,000	-	-	-
Supply Chains (<i>War on Want</i>)	8,445	-	-	-

6 Expenditure on charitable activities (continued)

	Year ended 31 December 2021		Period ended 31 December 2020	
	Grants	Programmes	Grants	Programmes
	£	£	£	£
Community Capacity Building				
Zero Carbon Parish Planning Tool (<i>Herefordshire Green Network</i>)	23,190	-	11,370	-
Accelerating Local Response (<i>Ashden</i>)	53,687	-	22,968	-
Launch Pad Network (<i>Somerset Climate Action Group</i>)	10,000	-	10,000	-
Renewables Done Well (CPRE)	-	-	15,000	-
Integrating Community Energy (<i>Community Energy London</i>)	9,380	-	10,000	-
Big Solar Coop (<i>Shareenergy Cooperative</i>)	-	-	4,500	-
Accelerating the uptake of renewable energy and low carbon technology in a multi-tenure industrial estate (<i>Wealden District Council</i>)	21,200	-	-	-
Ambleside to Zero AtoZ (<i>Ambleside Action for a Future</i>)	7,000	-	-	-
Community Energy Planning (<i>Centre for Sustainable Energy</i>)	10,000	-	-	-
Research and Consumer Information				
Consumer scoping study	-	-	-	22,000
Value of Solar Homes (<i>Solar Trade Association</i>)	20,000	-	15,000	-
Housing Archetypes & Heat Pump Deployment (<i>Plymouth Community Energy</i>)	20,000	-	-	-
Zero Carbon Schools (<i>Green Schools Project</i>)	5,000	-	-	-
Measured Savings, Better Outcomes (<i>Energy Systems Catapult</i>)	10,000	-	-	-
Heat Pumps Now (<i>Carbon Co-op</i>)	15,000	-	-	-
Rebuilding the Low Energy Buildings Database (<i>Association for Environmental Conscious Buildings</i>)	20,000	-	-	-
Domestic Heating briefing paper (<i>Imperial College London</i>)	-	38,940	-	-
VAT Research (<i>MHA Tait Walker</i>)	-	6,000	-	-
MP Survey (<i>You Gov Plc</i>)	-	4,992	-	-
Skills and Education				
Net Zero Skills Builder (<i>Archbishop Council of Church of England</i>)	5,000	-	2,200	-
Green Schools Project	-	-	10,000	-
MCS Skills, Competency & Training project	12,121	-	-	-
Other programmes	-	-	-	(10,675)
	323,078	49,932	129,538	11,325
	373,010		140,863	

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

MCS Charitable Foundation

Notes to the financial statements For the year ended 31 December 2021

7 Net income/(expenditure) for the year

Net income/(expenditure) for the year is stated after charging:

	Year ended 31 December 2021 £	Period ended 31 December 2020 £
Audit fees	19,450	19,950
Depreciation	7,980	4,477

8 Auditor's remuneration

	Year ended 31 December 2021 £	Period ended 31 December 2020 £
Fees payable to the charity's auditor for the audit of the charity's annual accounts	7,950	7,950
Fees payable to the charity's auditor for other services:		
Audit of the charity's subsidiary	11,500	12,000
Accounts preparation	5,275	6,605
	24,725	26,555

9 Trustees' and key management personnel remuneration and expenses

During the year the trustees, Chief Executive, Director of External Affairs and Director of Grants and Development of the charity are considered to be key management personnel.

The trustees neither received nor waived any remuneration during the year ended 31 December 2021 (2020: £Nil).

In the year ended 31 December 2021, key management personnel received total remuneration of £135,044 (3 individuals) (2020: £71,657 - 2 individuals).

Trustee's expenses were reimbursed or paid directly on their behalf during the year for travel, hotels and subsistence to no (2020: one) trustees amounting to £nil (2020: £76).

During the year the MCS Service Company Ltd gifted Christmas hampers to Magdalena Zarowiecki, Gareth Williams & Nick Whitaker for their services as Non-Executive directors of The MCS Service Company Ltd, at a cost of £92 per hamper. During the prior year Christmas hampers were gifted to Steven Gould & Fabio Nehme for their services as Non-Executive directors of The MCS Service Company Ltd, at a cost of £92 per hamper.

Notes to the financial statements
For the year ended 31 December 2021

10 Employees

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

<i>Group</i>	
Year ended 31 December 2021 Number	Period ended 31 December 2020 Number
32	23

The total staff costs and employee benefits were as follows:

	<i>Group</i>	
	Year ended 31 December 2021 £	Period ended 31 December 2020 £
Wages and salaries	1,013,912	569,871
Social security costs	86,326	41,244
Other pension costs	77,648	47,130
	<u>1,177,886</u>	<u>658,245</u>

The number of employees receiving total employee benefits (excluding employer pensions costs and employers NI) of more than £60,000 were as follows:

	<i>Group</i>	
	Year ended 31 December 2021 Number	Period ended 31 December 2020 Number
£60,001 - £70,000	-	1
£70,001 - £80,000	1	-
£90,001 - £100,000	1	-

MCS Charitable Foundation

Notes to the financial statements
For the year ended 31 December 2021

11 Tangible fixed assets (Group)

	Leasehold improvements £	Plant and equipment £	Office equipment £	Computer equipment £	Total £
Cost					
At 1 January 2021	14,526	370	2,379	13,537	30,812
Additions	-	-	1,322	7,145	8,467
At 31 December 2021	14,526	370	3,701	20,682	39,279
Depreciation					
At 1 January 2021	2,791	130	509	2,640	6,070
Charge for the year	2,905	92	608	4,375	7,980
At 31 December 2021	5,696	222	1,117	7,015	14,050
Net book value					
At 31 December 2021	8,830	148	2,584	13,667	25,229
At 31 December 2020	11,735	240	1,870	10,897	24,742

The Charity had no tangible fixed assets in the current or prior year.

12 Fixed asset investments (Group and Charity)

	2021 £	2020 £
Listed investments	5,231,613	4,716,937
Mixed motive investments*	75,000	50,000
	<u>5,306,613</u>	<u>4,766,937</u>

	Mixed motive investments £	Listed investments £	Total £
Valuation			
At 1 January 2021	50,000	4,716,937	4,766,937
Additions	25,000	1,007,211	1,032,211
Disposals	-	(938,755)	(938,755)
Gain on revaluation	-	446,220	446,220
At 31 December 2021	<u>75,000</u>	<u>5,231,613</u>	<u>5,306,613</u>

Notes to the financial statements
For the year ended 31 December 2021

12 Fixed asset investments (Group and Charity) (continued)

Listed investments at fair value comprise:

	2021 £	2020 £
Fixed interest	1,396,804	1,184,250
UK equities	1,286,353	1,252,171
Overseas equities	1,792,534	1,556,532
Alternatives	598,514	454,363
Cash within investment portfolio	157,408	269,621
	<u>5,231,613</u>	<u>4,716,937</u>

* The mixed motive investment consists of shares purchased in Low Carbon Hub IPS and People Powered Retrofit.

The charity also holds an investment in its subsidiary undertaking, The MCS Service Company Ltd, at a value of £nil (2020 - £nil) as no consideration was paid for this investment. Further details of The MCS Service Company Ltd's activities for the year are included in note 3.

13 Debtors

	<i>Group</i>		<i>Charity</i>	
	2021 £	2020 £	2021 £	2020 £
Amounts falling due within one year:				
Trade debtors	322,361	164,147	-	-
Amounts due from subsidiary undertaking	-	-	4,500	-
Other debtors	15,354	-	-	-
Prepayments and accrued income	227,310	60,324	14,292	-
	<u>565,025</u>	<u>224,471</u>	<u>18,792</u>	<u>-</u>

14 Creditors: amounts falling due within one year

	<i>Group</i>		<i>Charity</i>	
	2021 £	2020 £	2021 £	2020 £
Trade creditors	50,766	35,694	5,164	13,615
Other taxation and social security	147,129	69,913	-	-
Other creditors	10,033	6,572	-	-
Accruals and deferred income*	443,323	338,367	18,693	16,977
	<u>651,251</u>	<u>450,546</u>	<u>23,857</u>	<u>30,592</u>

MCS Charitable Foundation

**Notes to the financial statements
For the year ended 31 December 2021**

14 Creditors: amounts falling due within one year (continued)

* Accruals and deferred income includes the following movements in deferred income:

	Group	
	2021	2020
	£	£
Deferred income		
At 1 January	146,925	181,680
Released in the year	(71,085)	(90,495)
Deferred in the year	39,465	55,740
At 31 December	<u>115,305</u>	<u>146,925</u>

The Charity had no deferred income in the current or prior year.

15 Obligations under operating leases (Group)

At the reporting end date the Group had outstanding commitments for future minimum lease payments under non cancellable operating leases, which fall due as follows:

	2021	2020
	£	£
Within one year	43,920	43,920
Between two and five years	3,660	47,580
	<u>47,580</u>	<u>91,500</u>

The Charity had no operating lease commitments in the current or prior year.

16 Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £nil for the Group and £nil for the Charity (2020 - £nil and £nil respectively).

17 Related party transactions

During the year the following transactions took place between the Charity and its wholly owned subsidiary:

- The Charity paid £72,726 (2020: £86,717) to The MCS Service Company Ltd for project management and delivery costs.
- The Charity recharged £50,259 (2020: £20,500) of expenses to The MCS Service Company Ltd.
- The MCS Service Company Ltd made a donation of £nil (2020: £471,846) to the Charity under Gift Aid.

At the year end, The MCS Service Company Ltd owed the Charity £4,500 (2020: £nil).

£85,000 (2020: £15,000) was paid to Solar Trade Association for whom trustee Gareth Williams is a Director. £23,190 (2020: £11,370) was paid to Herefordshire Green Network for whom trustee Gareth Williams is a Steering Group member. Gareth Williams declared an interest in the grant applications from both organisations and left the Board meetings when these applications were being considered. £6,000 (2020: £nil) of sales were made to Caplor Energy Limited, a company owned by Gareth Williams. As at 31 December 2021 there were no balances outstanding and the amounts paid/received in the financial year were on an arms length basis.

£81,975 (2020: £49,050) was paid to Chris Roberts, who was a director of The MCS Service Company Ltd, for fees as a consultant providing specialist support on MCS standards. Chris Roberts resigned as a director of The MCS Service Company Ltd on 20 May 2021.

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

	Group	
	2021	2020
	£	£
Net income for the reporting period (as per the statement of financial activities)	456,503	351,737
Adjustments for:		
Investment income	(104,727)	(87,855)
(Gains) / Losses on investments	(446,220)	(752,239)
Depreciation and impairment of tangible fixed assets	7,980	4,477
Movements in working capital:		
(Increase) / Decrease in debtors	(340,554)	63,229
Increase / (Decrease) in creditors	200,705	(43,520)
Net cash flow from operating activities	(226,313)	(464,171)

