

Company Registration No. 10119873

Charity Registration No. 1165752

MCS Charitable Foundation

**Trustees' Report and Consolidated Financial
Statements for the year ended 31 December 2022**



MCS Charitable Foundation

Charity reference and administrative details

Trustees	Sandra Elizabeth Walmsley Fabio Silva Nehme (Chair) Charlotte Emma Powell (Resigned 11 June 2023) Gareth John Williams (Vice Chair) Karen Shearer (Appointed 19 April 2022)
Chief Executive Officer	Adrian Ramsay
Charity Number	1165752
Company Number	10119873
Registered office	First Floor Violet 3 Sci-Tech Daresbury Warrington United Kingdom WA4 4AB
Auditor	Saffery Champness LLP 71 Queen Victoria Street London EC4V 4BE
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MCS Charitable Foundation

Trustees' report (including statement of trustees' responsibilities) For the year ended 31 December 2022

The Trustees (who are also directors of the Charity for the purposes of the Companies Act) present their annual report together with the audited consolidated financial statements of MCS Charitable Foundation (the Foundation) for the period 1 January 2022 to 31 December 2022.

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

Origins and History of the Foundation

The Microgeneration Certification Scheme (MCS) plays an important part in the growth of the installation of renewables in homes and small businesses.

It was set up by the Government in 2008 to certify buildings scale renewable electricity and heat products and installers to provide assurance to consumers about the quality and standard of their installation.

The Government transferred the assets comprising MCS s, 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 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 decarbonise homes, heat and energy throughout the UK by acting as a catalyst for change.

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. The registered office of the charity is First Floor Violet 3 Sci-Tech Daresbury, Keckwick Lane, Warrington, Cheshire, England, WA4 4AB

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

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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:

Fabio Silva Nehme – Chair
Gareth Williams – Vice Chair
Charlotte Emma Powell – Resigned 11 June 2023
Karen Shearer – joined 19 April 2022
Sandra Elizabeth Walmsley
Magdalena Zarowiecki – resigned 29 October 2022

The year marked the first full year of operation of a revised governance structure following a governance review commissioned by the Board and carried out by charity governance specialists Higgs LLP which concluded in May 2021. The purpose of the governance review was to ensure that the Foundation is structured appropriately to support the realisation of substantial growth opportunities in the sector, and to support the related move to an integrated strategy across MCS Group. A key recommendation of Higgs LLP was for greater overlap between the Board of MCS Foundation and the Board of its subsidiary, MCS Service Company (which runs the MCS Standards scheme). As such, three Foundation Trustees and the Foundation CEO now sit on the Company Board.

During the year, the Foundation and Company Articles were updated with the support of Higgs LLP to ensure they reflect current best practice, and a range of other governance documents were also reviewed including for induction of new Trustees and Company Directors.

The Foundation and Company executive teams grew during the year, reflecting the growing ambitions of the Group and increasing income. Joint working between the Foundation and Company was further enhanced, with several initiatives drawing on skills and knowledge from across the Group to advance the Group's sector-convening work, for example in relation to green jobs and external affairs. The two Chief Executives also work closely together in planning the activities of the MCS Group and monitoring performance, supported by the new Group Senior Management team.

During the year there were some minor changes to the membership of the Board of Trustees, with one new Trustee joining in April and a current Trustee stepping down in October. Trustees resolved to review the skills required on the Board to support the Foundation's strategic objectives and then add to the Board's membership during 2023. During the year, a new Non-Executive Director was appointed to the MCS Company Board following a thorough recruitment exercise and based on a skills review.

The Trustees consider that the Board of Trustees, the Chief Executive Officer, the Chief Executive Officer of the MCS Service Company Ltd, the Director of External Affairs and the Director of Grants and Development comprise the key management personnel of the Foundation, with 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 bands of the Foundation CEO and the MCS Company CEO and Market Development Director are set by the Board of Trustees and reviewed periodically. The pay bands for other staff are set by the two Chief Executives 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.

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

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

Risk Management

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

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;
- Consumers don't receive adequate protection as a result of the scheme delivery structure.

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 Foundation's objects, strategy and the need to show a clear public benefit, with a transparent assessment process in place and final approval of grants made by the Board. More of the Group's resources are being channeled into the sector convening and innovation work at the heart of the Foundation's purpose, with greater capacity being added to the Foundation and Company teams in support of this work.

Performance of the Foundation's investments is monitored on a quarterly basis with Rathbones investment management providing any significant updates in between times. The Board has reviewed the Foundation's investment policy in the light of economic conditions. There are now early signs of recovery from the reduction in fund value experienced in 2022, and as the Foundation is not reliant on this fund for short to medium term expenditure there is time to allow for the fund to recover.

MCS Company profits were very healthy in 2022, and are operating well above budget in the first four months of 2023. The Company Business Plan is focused on ensuring that the MCS scheme remains attractive to and is simplified for the benefit of installers, consumers and stakeholders with several initiatives underway to advance this work, particularly around consumer protections. The scheme continues to see growth in the number of registered installers. The current main government incentive (Boiler Upgrade Scheme) has been extended to 2028 and MCS Company plays a key role in the delivery of the scheme.

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Objectives and Activities

The Objectives 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).

In late 2021, a Group Strategic Plan was adopted which focuses on utilising the knowledge, assets and market position of MCS to drive the sector's growth. Under the strategy, the core elements of the group's work continue: running and growing the MCS standards scheme to give confidence in domestic and small scale renewables; and using the profits from the scheme to advocate for changes in the policy landscape that will support the sector's growth, while making grants to innovative projects aimed at accelerating the adoption of low-carbon technologies.

In addition to these areas of work, MCS Group also has an increasing focus on advancing the skills and training needed to support the sector's growth, while catalysing action at a local level towards delivery of mass scale retrofit strategies through working with leading local authorities and other key stakeholders.

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

Sector Convening Activities

Central to the MCS Group strategy is acting as a convener of our sector, harnessing the Foundation and Company's assets, knowledge and networks to catalyse action on addressing the barriers to retrofit at scale. This convening work, also known as MCS Launchpad, operated in the following key areas during the year:

Green Jobs Action Group (GJAG)

The aim of the GJAG is to advance education and skills at all levels across the domestic renewables and low carbon energy sector. The group comprises Government departments (from Westminster and all the devolved nations), the education sector, industry representatives and local authorities, as well as representatives from trade associations and the installer community.

The group has been used to facilitate government consultation of the sector on key topics such as minimum technical competencies and to support the advancement of key initiatives on skills such as the new Low Carbon Technician Apprenticeship. The group has established two workstreams, on recruitment and engagement; and on skills and training provision. In both areas foundational research took place during the year to inform future strategy on both recruiting new entrants into the sector and widening the range of training on offer to meet the sector's needs. The latter will be supported by the MCS competency framework, offering MCS accreditation to quality training provision in support of a growing low-carbon energy technology design and installation workforce.

Accelerating Retrofit Programme (in partnership with UK Green Building Council)

MCS Foundation and UKGBC are working together to support leading local authorities to develop, deliver and demonstrate innovative practice in advancing retrofit at scale. During the year a Retrofit Toolkit was developed to support local authorities with this work, while over 40 local authorities now participate in the MCS/UKGBC Retrofit Forum. This work facilitates 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 siloes, but as intrinsically linked. It is intended to use this project to build intelligence and partnerships to form the business case for a mass scale retrofit demonstrator project. This will be a learning and development tool for the whole sector.

Linked to this, the Foundation has refined its grants programme to focus on accelerating retrofit. During the second half of the year it ran an open grants scheme aimed at councils and others involved in advancing innovative retrofit projects at local level. Eight grants were awarded at the end of the year to projects spanning topics such as skills, supply chains, and green finance. The Foundation will be an active partner in these projects, which will be foundational to the Accelerating Retrofit programme and to the Foundation's aim to demonstrate the need for other funders to partner in channelling more funding into innovation and capacity in the sector.

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External Affairs

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

Current priority areas of work include the case for removing VAT from all renewable energy installations, reform of the building regulations to require net zero and domestic renewables in new build, advancing green finance mechanisms, seeking commitments for long-term renewables incentives schemes, and pressing for measures to reduce the cost of electricity to improve the economics of the electrification of heat. In addition, the Foundation is working to demonstrate the case for heat pumps (a readily available technology) to be assumed as the primary solution to the decarbonisation of heat and – central to our founding purpose – to advance the case for standards to be written into regulations and incentive schemes.

On all these topics, the Foundation advanced the case during the year through commissioning research, building evidence, and engaging with industry and academic and NGO sector specialists. It also worked to make its evidence available to policy makers and government through responding to over 50 consultations, building relationships with civil servants and where appropriate engaging directly with politicians from across the political spectrum.

Grant Funded Projects

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

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

While heat pumps are a renewable energy 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. Through this project PEC tackled 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 and to work towards removing these barriers.

Measured Savings, Better Outcomes (delivered by Energy Systems Catapult) – work completed during the year:

The approach, known as measurement and verification (M&V) has been used in large non-residential energy upgrade projects for several years, but a standardised approach for evaluating and measuring performance of home energy projects did not yet exist in the UK.

The project has made progress towards a metered energy savings solution for the UK and has highlighted the need for such a protocol, building on the work carried out under the Green Finance Institute's Coalition for the Energy Efficiency of Buildings initiative during 2020/21.

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Rebuilding the Low Energy Buildings Database (delivered by Association for Environment Conscious Building)
– work completed during the year:

The Low Energy Buildings Database showcases 455 innovative low energy UK building projects including single dwellings, multi-unit private and social housing schemes, schools and offices. It includes 150 replicable retrofit projects.

The ambition is to grow the LEBD as a resource for UK homeowners, self-builders, local authorities, the construction industry and international audiences.

The new LEBD database facilitates standardised, efficient data entry, improved sharing and access, consistent project comparison and reporting, enhanced feedback and learning as well as project promotion.

Low Carbon Retrofit Accelerator (delivered by Repowering London) – ***work completed during the year:***

With our support, Repowering London and Future Climate collaborated on a research and knowledge exchange project to accelerate the decarbonisation of low-rise blocks of flats in the private sector.

Twenty-one percent of homes in England are flats and most of these are in the private sector. Research by Future Climate for the GLA has found that levels of uptake of energy efficiency measures for privately owned flats are lower than for street-level properties or social housing flats.

This project quantified the carbon saving potential of this type of housing, assessed the benefits of a whole building retrofit approach, and addressed gaps in engagement, advice and financing models to help increase uptake of low-carbon technologies in privately owned blocks of flats.

Development & Policy

Decarbonising Heat in Scotland's Buildings (delivered by WWF Scotland) – ***work completed during the year:***

Decarbonising how we heat our buildings is one of the greatest challenges in reaching Scotland's 2045 net zero target.

The overall aim of this WWF Scotland project was to assess how regulation and incentives could be combined to rapidly accelerate the roll-out of zero and low-carbon heating without increasing rates of fuel poverty. It also investigated which technologies can deliver the scale of carbon reduction required this decade.

To view the Affordable Warmth Scotland report visit here; <https://www.wwf.org.uk/our-reports/wwf-affordable-warmth-scotland>.

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

Power for People 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.

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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.

Skills & Education

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

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

To support this, the Church has looked to increase the skills of its staff and volunteers in taking the necessary action with a focus on the Church's very particular context, with the majority of the buildings listed and with fragile heritage interiors.

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

Upskilling for Low Carbon Heating in the Private Rented Sector (delivered by ACE Research) – work started during 2021 and ongoing:

Using funding from the MCS Charitable Foundation, Calor and the Ground Source Heat Pump Association (GSHPA), the overarching objective of the project is to accelerate heat decarbonisation in the private rented sector, where low levels of awareness and understanding of low carbon heating solutions remains a key barrier to uptake and decarbonisation.

With greater knowledge and understanding of low carbon heating solutions Local authority officers will be able to support landlords who want to take action to improve their properties and for landlords to begin to understand the pathways that they could take to ensure that their property meets standards, giving them confidence to invest in their property using quality supply chain actors and opening access to grant funding and finance.

Community Capacity Building

Renewables Done Well (delivered by CPRE the Countryside Charity) – work completed during the year:

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

The process took the form of a series of facilitated participatory workshops which engaged with a diverse and representative group of people from the local community. The outcomes of these workshops formed the basis of a 'community vision document' that was presented to the community with a range of options on how to

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proceed with this newly created vision and support them to complete the next steps. CPRE held a webinar to encourage further uptake of the project which was attended by more than 40 people from across the country and they continue to receive interest in the Community Visioning process from both inside and outside the CPRE Network including approaches from communities considering taking the process up Nottinghamshire, the Peak District, and Whitby.

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

Somerset Climate Action Network (SCAN) is working with Somerset County Council to help deliver the County's zero carbon aspirations through harnessing skills in the community. This work brings people up to speed with the challenges faced and communicates the most up-to-date information and new findings on both the current climate situation, what is coming in the future and the smartest ways to tackle it at every level, providing case studies of local examples of action.

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

Ambleside to Zero (AtoZ) (delivered by Ambleside Action for a Future) – one off grant provided 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 a number of active working groups under the AAFAF banner, including groups promoting biodiversity in the local area, improving the sustainability of transport, and also a group working to help the town become zero carbon by 2030. This project is known as A-Z (Ambleside to Zero).

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; and 'Renewable Energy': reducing our reliance on fossil fuel energy and harnessing the power of the sun.

Accelerating Cities (delivered by UK Green Buildings Council) – work completed during the year:

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.

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

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

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

The website resource available for local use across Herefordshire also provides Parish councils across the UK with a better understanding of the measures they can take to achieve their zero carbon targets, with local people feeling empowered and inspired to act and confident to participate in adopting local low carbon delivery initiatives.

Building capacity for community energy through regional networks (delivered by Community Energy England) – work completed during the year:

Community energy brings people together to take democratic, collective climate action with a wide range of local co-benefits.

Community Energy England is the membership network and representative body for the sector, and this project increases its engagement across the country to track evolving sector needs and challenges more effectively. This has enabled 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.

Community Energy Planning (delivered by CSE) – work started during 2020 and ongoing:

Meaningful public engagement with policy around renewables is important to ensure that no one is left behind in the transition to net zero. The Community Energy Planning project aims to create exemplar policies for other communities to encourage locally led community climate action.

This will be achieved by increasing the amount of renewable energy installed in two local authorities by supporting them to work with local communities, co-producing robust and well-evidenced local energy strategies which are consequently embedded in Local Plans and by developing a clear template for the wording of local authority policy regarding the development models and ownership structures that should be favoured in local planning policy.

The output of this project is to produce replicable guidance for local authorities across England.

The Big Solar Co-op (delivered by Sharenergy Co-operative Ltd) – work started during 2020 and ongoing:

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

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

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Accelerating the uptake of renewable energy and low carbon technology in a multi-tenure industrial estate (delivered by Wealden District Council) – work started during 2020 and ongoing:

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

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

Retrofit Streets (delivered by South East London Community Energy) – work started during 2021 and ongoing:

Improving the efficiency of our buildings is essential to the UK's decarbonisation plans. In order to respond to the scale of the challenge we need a whole-house, deep retrofit solution which can be implemented in every household.

The specific aims for the activities within this project are to enable and encourage residents of one street in each location to undertake a programme domestic retrofit thereby reducing carbon emissions and to model, design and plan retrofit at the street level to facilitate co-working between residents and co-procurement.

The following projects were commissioned during the year:

Research & Consumer Information

Sustainable Heat Insights for a Fast and Fair Transition to Net Zero (SHIFT-0) (delivered by University of Oxford) – work started during the year:

This project builds on pioneering work funded by the Engineering and Physical Sciences Research Council (EPSRC) and the Oxford Martin School (OMS) at the University of Oxford. The Oxford Martin School is a research institute at Oxford undertaking interdisciplinary research to solve the global challenges of the twenty-first century. The Oxford Martin School Programme on Reconfiguring Energy Needs, Equity and Wellbeing (ReNEW) uses the same methodology as SHIFT-0. Targeted and contextualised smart meter data helps us to understand energy use patterns, especially among households who struggle with the cost of energy. While ReNEW is focussed on household gas and electricity usage, SHIFT-0 will specifically target the transition from gas to electricity use resulting from heat pump adoption. During the 2022/23 heating season both projects will be closely aligned in terms of data collection, analysis and outputs.

Mass Scale Retrofit

Retrofit Support Service (delivered by Exeter City Council) – work started during the year:

The Energy Saving Devon partnership (partnership of all Devon councils including Exeter City Council) has been working to develop an innovative, best practice support service for homeowners to enable them to carry out the right retrofit and deliver carbon-savings as well as other benefits as determined by the homeowner.

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The funding will allow the partnership to source the final resources needed to launch their Retrofit Advice Service. This will include a Quality Assurance Officer and telephone support service to provide advice on next steps for homeowners in Devon. Once this start-to-finish strategy is evaluated and finalised, methodologies could be adapted, replicated, and used to scale up capacity and delivery across the UK.

Property Linked Finance (delivered by Green Finance Institute) – work started during the year:

Property Linked Finance (PLF) is a financial instrument that supports homeowners to fund up to 100% of the upfront costs of energy efficiency improvements. PLF is not currently available in the UK, however if introduced would unlock significant benefits. Almost two-thirds of consumers stated they were 'open' or 'likely' to use PLF for energy efficiency improvements – a remarkably positive response to a new financial solution. Since the energy crisis began, 52% of consumers are more likely to use PLF compared to 2021.

This project aims to catalyse the UK's Property Linked Finance market, which will require co-ordinated collaboration across the finance, legal, retrofit, property and public sectors. The project will design and test a 'blueprint' model for UK PLF, raise awareness of this solution across relevant sectors, and encourage UK financial institutions to bring a PLF pilot to market.

Innovative programme design and capacity building for area-based retrofit (delivered by Leeds Council) – work started during the year:

All local authorities need to find ways to reduce carbon emissions from homes of all tenures, including more affluent private sector households, to achieve local and national net zero ambitions. However, there are currently no incentives or support systems in place to encourage able to pay households to act.

Leeds City Council has been working with the private sector, via the Prime Minister's Business Council, since late 2022 to develop a blueprint to tackle this problem. This is an innovative area-based approach, aiming to design and create a smooth customer journey and new incentives or financial products, largely financed by the private sector, to remove barriers to entry.

Retrofit Supply Chain Pilot: piloting council-led area-based schemes to develop the retrofit supply chain (delivered by Carbon Coop, Manchester City Council and B4Box) – work started during the year:

Carbon Co-Op is an energy services and advocacy cooperative that helps people and communities to make the radical reductions in home carbon emissions necessary to avoid runaway climate change. They have set up a partnership with Manchester City Council to pilot an area-based whole house retrofit scheme in Levenshulme, Manchester, which takes a street-by-street approach and is funded through grants or 0% loans. Working collaboratively with a contractor and training provider, B4Box, they will upskill the workforce who will have immediate practical experience through the project. It will also result in more qualified trainers and the establishment of a key local provider of future retrofit training.

Integrating Skills and Competency in Green / Retrofit through new learning pathways (delivered by Neath Port Council) – work started during the year:

In response to the skills requirements to deliver the NPT Council led 'Homes As Power Stations', MCS funding has been awarded to NPT Council to deliver a regional skills project across the Swansea Bay City Deal area.

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Working with partners in order to develop further education provider readiness to deliver MCS certifiable green skills provision, MCS will provide oversight and strategic support and planning for the project. The project funding will deliver the project over a 12 month period starting in March 2023.

Feasibility to support Oxford Rose Hill Community informed retrofit (delivered by Oxford City Council) – work started during the year:

This project will undertake detailed feasibility work to cost and plan an area specific retrofit pilot project across different tenure/ building types with high levels of community and stakeholder engagement. The pilot project will demonstrate retrofit at greater scale than previously delivered in Oxford and test the delivery model for future replication and expansion in Rose Hill and the rest of Oxford.

The feasibility project's main objective is to develop a business case for a pilot project and set out the optimum way of delivering the pilot and is expected to be followed by a larger-scale retrofitting project, which will learn from the pilot and benefit from the expertise, structures and relationships developed.

Retrofit Somerset (delivered by Somerset Climate Action Network) – work started during the year:

This project has been put in place to research and design a permanent, over-arching, not-for-profit service for Retrofit Somerset to promote whole house retrofit to the 'able to pay' sector, at scale and at pace, within Somerset.

The project will determine where this service is best placed, either within current retrofitting organisations in Somerset or as a separate entity. The aim of this project is to build an investible business plan with strong stakeholder support that could then attract significant funding from Somerset Councils and other sources.

Low Carbon Communities (+ LCC+) (delivered by Stroud District Council) – work started during the year:

The Low Carbon Communities project is the next step in The Retrofit Centre collaboration (one-stop advice/signposting and tools). The project looks to create 'pockets' of high activity, taking a 'learn by doing' approach and making the work visible across communities to nudge the development of social norms around the language and process of retrofit.

Low Carbon Communities is focused on a need to increase private investment in retrofit and, at the same time safeguard and expand affordable warmth work. These two aspects are building blocks towards the provision of wide-spread, end-to-end retrofit services that are rooted on whole house good practice principles of low carbon plans for buildings.

Community Capacity Building

Green Live Learning Lab (delivered by Westminster Adult Education Services) – work started during the year:

The 'Green Live Learning Lab' Project in North Westminster harnesses authentic learning opportunities by bringing together two elements: Family Learning with real-life Sustainability Learning. They are using the local neighbourhood which is undergoing regeneration and retrofit investment as an outdoor classroom to teach sustainability across the generations.

Trustees' report (including statement of trustees' responsibilities)
For the year ended 31 December 2022

Collaborating with cutting-edge specialists and expert practitioners, WAES are working on renewable energy and low carbon technologies; architects, designers, environmental specialists and building development professionals who are currently undertaking a mix of projects in the area. With much of the environmental industry outpacing the curriculum, this project is a valuable "see it, be it, understand it" opportunity to bridge this gap. Co-creating a full pack of teaching resources with the local family learners themselves is the main outcome, with a working title of "How to use my neighbourhood to learn about sustainability". It will also be suitable for participants who do not have English as a first language.

Activity of the MCS Service Company 2022

2022 was a year of growth. The Company built on a recovery in financial performance achieved post novation in 2018, brought about by successfully repositioning the Certification Scheme as the sector's quality assurance, irrespective of MCS being a requirement to access government incentives.

A record rise in global energy prices in 2022 led to an increase in the cost of living, given the UK's dependency on gas, both to generate electricity and to heat the majority of 28 million UK homes. This economic situation further supports the case for small-scale, low-carbon energy technology, as evidenced by growing consumer adoption of Solar PV as way to insulate themselves from high electricity prices.

The Company's main activities in 2022 are summarised below, associated with the Company's Values:

1. We are expert – ensuring quality through robust technical knowledge

The MCS compliance team expanded in 2022, with further hiring of assessors who are able to address issues of compliance and for the resolution of consumer complaints. As an assignment for the compliance team, MCS supported installation audits at the closure of the Domestic Renewable Heat Incentive (RHI), cementing an ongoing relationship with the government department responsible for RHI.

The Company affected a split in the Heat Pump Standard (MIS 3005), allowing for a distinction between Heat Pump system Design and Installation. The new split standards are expected to support the migration of more fossil-fuel based installers over to the installation of Heat Pumps, especially gas boiler installers. This market is known to work on the basis of engineers fitting heating devices that have been designed by others. 2022 also saw the successful launch of the MCS Battery installation certification scheme, aligned to the Battery Installation Standard published in 2021.

As MCS continues to grow, a further Certification Body, the Installation Assurance Authority (IAA), added MCS to their UKAS scope of accreditation, extending the number of Certification Bodies that contractors can now choose from.

2. We are inspiring – helping to reshape energy in UK homes and communities

In 2022, the Company delivered a student Renewables Roadshow event. Working with the Electrical Contractors Association (ECA), the roadshow provided access to an industry event – Solar & Storage Live - for apprentices studying at the City of Liverpool college.

In response to a diversifying contractor base, MCS has developed a strong working relationship with British Gas (PH Jones) to support an expansion of 'corporate installers' into the UK's Heat Pump installation market.

Trustees' report (including statement of trustees' responsibilities)
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In Solar PV, the Company provided support to the Solar Skills London initiative, securing funding in partnership with Solar Energy UK for a Mayor of London project with the aim of boosting the numbers of MCS certified Solar PV installation contractors in the capital.

3. We are collaborative – working with industry and government to create positive change

In a move to better understand the issues some consumers can face in the sector, the Company took steps to resolve several long-standing complaints in 2022, offering insight to inform Company plans to reset to sector's consumer protections.

The Company achieved national media coverage in 2022, including two high profile features in The Sunday Times relating to consumer adoption of Solar PV and Heat Pumps.

The Company set up a new Helpdesk function to support OFGEM and the Department of Energy Security and Net Zero (DESNZ) for the delivery of the Boiler Upgrade Scheme (BUS). The Company's standard setting and Secretariat function achieved the launch of a new Borehole Drilling Specification in collaboration with the Ground Source Heat Pump Association.

4. We are principled – operating in a way that's clear, open and fair

The Company launched the MCS Data Dashboard in October 2022, leading to an associated Parliamentary event in 2023. The Dashboard is designed to provide near real-time updates on MCS Installations to track the adoption of small-scale renewable installations across the UK. Given the UK's legally binding net-zero targets, the Dashboard puts small-scale renewable insights in the hands of industry stakeholders and policy makers.

The Company held the first 'MCS Forum' in May, engaging industry stakeholders, boasting the biggest attendance yet for a MCS stakeholder event.

5. We are determined – supporting the UK's drive towards a clean energy future

2022 was a record year for MCS certified installations, with more than 170,000 installs registered with the Scheme, with record years for both Solar PV and Heat Pump installations. The MCS 2022 events programme included exhibiting at Futurebuild, Installer Show and Solar & Storage Live.

The Company moved premises in 2022 to Violet, a grade A office complex located at the internationally recognised Sci-Tech Daresbury campus. The new office space was designed with high-growth technology companies in mind and provides quality facilities for science and technology companies developing or upscaling their business.

**Trustees' report (including statement of trustees' responsibilities)
For the year ended 31 December 2022**

Achievements and Performance

a) ACHIEVEMENTS DURING THE YEAR

During the year, the Foundation achieved the following;

- Helped facilitate a record year for the sector, with over 170,000 MCS certified installations registered.
- Successfully advocated for 0% VAT for domestic renewables and energy efficiency, announced by the Chancellor in March 2022 as a 5 year government commitment.
- Supported the introduction and delivery of the Boiler Upgrade Scheme including successful lobbying for a bigger and longer scheme.
- Working with partners, successfully made the case to move environmental tariffs from electricity bills into general taxation, reducing the cost of electricity and making it cheaper to heat a home with a heat pump than a gas boiler for the first time.
- 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.
- Established the Green Jobs Action Group as a key forum for engagement on skills within the sector and between the sector and government.
- Advanced the Accelerating Retrofit programme, in partnership with UKBGC, running a network of 40 leading local authorities in formulation and advancement of mass retrofitting plans.
- Launched the Low Carbon Landscapes Report and Data Dashboard providing key data to the sector and policy makers on renewable energy installations.
- Refined the Foundation's grant-giving programme to focus more fully on accelerating retrofitting of homes, and ran a grant round focused on innovation at local authority level in scaling up retrofit.
- Reached a milestone of over 40 grants awarded worth over £1.5m, supporting innovation in our sector.
- Played an active role in supporting the delivery of grant-funded projects.
- Began the process of reviewing the Foundation's brand in light of the new strategy.
- Refreshed and updated the governing documents of the Charity and Company in line with the recent governance review and in support of group objectives.

Financial Review

a) Financial Review Summary

The Foundation made a surplus, after investment losses of £776,298 (2021: investment gains £446,220), of £718,206 (2021: £456,503) in the year.

During the year the Foundation's income amounted to £5,583,835 (2021: £3,261,032). The majority of the income related to trading income from the subsidiary of £5,450,082 (2021: £3,156,305). The remainder being income of £133,267 (2021: £104,727) from the investments held, and £44,153 Government grant funding (2021: Nil).

The costs of the Foundation for the year amounted to £4,089,331 (2021: £3,250,749). £680,827 (2021: £671,758) of expenditure incurred related to costs incurred directly through the charity in the delivery of charitable objects. £3,408,504 (2021: £2,578,991) related to trading costs of MCS Service Company Limited which also advanced delivery of the charity's objects around standards.

At 31 December 2022 the Foundation held £4,626,744 (2021: £5,306,613) 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. £2,903,785 (2021: £1,927,249) was held in cash at bank.

Trustees' report (including statement of trustees' responsibilities)
For the year ended 31 December 2022

The Foundation's total funds at the year end amounted to £7,891,188 (2021: £7,172,865).

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 2022 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. In 2021 and 2022, our reserves 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.

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	2022 £000	2021 £000
Investments	4,627	5,307
Cash and short-term deposits	2,904	1,927
Exclusions*	-75	-75
Total	7,456	7,159

*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 total managed cash and investments at 31 December 2022 was £7.5m, which represents 12months 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 on average £590k cash per month during 2023, a total in the region of £7m for the year. We anticipate our investment portfolio to increase in 2023, largely due to the slow recovery of broader economic conditions impacted initially by the war in Ukraine. The Trustees have recently reviewed the investment portfolio in terms of size, risk appetite, asset allocation and length of investment terms applied, and considered no change in policy was necessary.

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.

**Trustees' report (including statement of trustees' responsibilities)
For the year ended 31 December 2022**

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).

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 during the year, 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 2022, the market value of investment held amounted to £4,551,744 (2021: £5,231,613). During the year the investments yielded investment income of £133,266 (2021: £104,727) and unrealised investment capital losses of £776,298 (2021: investment gains of £446,220).

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 investments have been made totalling £75,000 (2021: £75,000) with other potential projects to be reviewed as and when they are put forward by Ethex.

Plans for the Future

The MCS Group Strategic Plan for 2023 builds on the refreshed strategy adopted in late 2021. 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 Foundation's role as a convenor in the sector. Specific aims for 2023 include:

- Secure a requirement for all new buildings to be zero carbon with domestic renewables – installed to MCS standards – to be included as standard. Develop a business model for the expansion of MCS standards into new build.

**Trustees' report (including statement of trustees' responsibilities)
For the year ended 31 December 2022**

- Working with Energy Saving Trust, deliver a consumer advice, technology choice and quotation tool to support consumer investments in low-carbon energy technology.
- Advocate for measures to reduce the cost of electricity – including the decoupling of gas and electricity prices – to incentivise the electrification of heat.
- Work with the Green Finance Institute to support the trial and roll out of Property Linked Finance for energy efficiency and domestic renewables, including advocating for any required political/legislative support.
- Advocate on behalf of the domestic renewables sector: for example in the promotion of heat pumps as the established technology for decarbonising heating, and press for a major government-backed public awareness campaign on energy efficiency and domestic renewables.
- Through the Green Jobs Action Group, galvanise the sector's work on skills, in particular in formulating a strategy for addressing recruitment and engagement; and support the roll out of good practice training provision.
- Complete the evolution of MCS as an authority on sector skills, including the relaunch of the MCS competency framework, offering MCS accreditation to quality training provision in support of a growing low-carbon energy technology design and installation workforce.
- Use the Foundation's grants programme to drive innovation in the sector, acting as an active partner with grantees and sharing learning from grants within the sector.
- Through the Mass Scale Retrofit programme, in partnership with the UK Green Building Council, support innovation at local authority level in advancing retrofit at scale.
- 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.
- Complete the review of the MCS Foundation brand, considering the interaction of brands across the Group and in light of the group strategy.
- Further deliver on the objective to simplify the compliance model related to the MCS scheme, for the benefit of installers and the public.
- Broaden the MCS Scheme's existing standards development and maintenance processes to allow for the structured assessment of opportunities for new Standards.
- Further develop and expand the executive teams across the Foundation and Company, ensuring the Group is able to utilise and drive the growth opportunities in the sector and accounting for increased group-wide working across MCS Group.

MCS Service Company Plans for 2023

Building on the MCS Service Company achievements in 2022, the Company's primary goal for 2023 remains the achievement of its vision 'To see MCS certified products and installations in every UK home and community', and as a result achieve critical carbon savings from a change to the way we heat and power our homes and businesses. Success in this regard is dependent on maintaining the relevance and effectiveness of the Microgeneration Certification Scheme.

The Company has invested in the Scheme over the last four years since novation, delivering on projects for Standards Simplification, Sector Skills and Scheme Support. Taken together, these have helped reposition the Scheme for the future. The Company plans for 2023 will ensure ongoing growth and profitability, afforded in year as a result of forecast strong income performance, delivered primarily through continued growth in the UK's Solar PV market, further complemented by the income potential from the certification of Battery installations.

In 2023, the strategic objectives of the Company and its related investments, will focus on the achievement of the following goals:

Trustees' report (including statement of trustees' responsibilities)
For the year ended 31 December 2022

1. Delivered quality compliance assessments

Raise the standard of installations by refocusing the Scheme's compliance regime for the assessment of the quality of installations on site (as 'delivered quality') and less on back-office systems and paperwork. This is in response to contractor feedback as to the accessibility of the Scheme.

2. Reset consumer protections

Company research undertaken at the end of 2021 and early 2022 presents clear evidence that the sector's protections fall short of a consumer's primary need to 'de-risk' their adoption of small-scale renewables. These findings and associated conclusions were published in the report 'Consumer Protection in Small-Scale Renewables' in December 2022.

Over the course of 2023, the Company will reset the Scheme's consumer protections. As a result, the Company is targeting increased consumer confidence, delivered in part through more robust protections, monitored through centralised consumer feedback and complaints management.

3. Installation Standards ready for new build

Building on the success of the investments made over the last two years in 'Standards Simplification', the Company will take a next logical step in the evolution of MCS Installation Standards to only contain 'technical truths' that are context neutral. As a result, this will allow for the inclusion of MCS in new build as well as in the retrofit market.

4. Standards development strategy

In 2023, the Company will broaden the existing standards development and maintenance processes to allow for the structured assessment of opportunities for new Standards. This will require the delivery of a Standards Development Strategy, allowing the Company to address what is a strategic opportunity for MCS in the further development of Standards and associated compliance Schemes.

5. Sector skills authority

In a move to compete the evolution of MCS as an authority on sector skills, the Company plans to build on what has been achieved in 2022, including the relaunch of the MCS competency framework (MCS 025 – The Competency Standard), offering MCS accreditation to quality training provision in support of a growing low-carbon energy technology design and installation workforce.

6. Consumer journey: Heat Pump Ready

In partnership with the Energy Saving Trust (EST), the Company will deliver a Heat Pump Ready project, part-funded by the Department of Energy Security and Net Zero (DESNZ). Having secured this funding, the Company will for the first time, advance a consumer advice, technology choice and quotation tool to support consumer investments in low-carbon energy technology.

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:

Trustees' report (including statement of trustees' responsibilities)
For the year ended 31 December 2022

- 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 re-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.

This report was approved by the Trustees on 29 June 2023 and signed on their behalf.



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 2022

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 2022 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 2022 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information.

MCS Charitable Foundation

Independent auditor's report to the Members and Trustees of MCS Charitable Foundation For the year ended 31 December 2022

Other information (continued)

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

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

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or

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 2022**

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 2022**


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 Turtington (Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP**

**Chartered Accountants
Statutory Auditors**

29 June 2023

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 2022**

		Year ended 31 December 2022 Unrestricted funds	Year ended 31 December 2021 Unrestricted funds
	Notes	£	£
Income from:			
Other trading activities	3	5,450,082	3,156,305
Bank interest received	3	486	-
Investments	4	133,267	104,727
Total income		5,583,835	3,261,032
Expenditure on:			
Raising funds:			
Other trading activities	3	3,408,504	2,578,991
Fundraising activities	5	33,111	33,641
Charitable activities	6	647,596	638,117
Total expenditure		4,089,211	3,250,749
Net income/(expenditure) before investment movement		1,494,624	10,283
Net gains/(losses) on investments	13	(776,298)	446,220
Net income and movement in funds		718,326	456,503
Reconciliation of funds:			
Total funds brought forward		7,172,865	6,716,362
Total funds carried forward		7,891,191	7,172,865

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 30 to 44 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 2022

		2022		2021	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	12		207,397		25,229
Investments	13		4,626,744		5,306,613
			<u>4,834,141</u>		<u>5,331,842</u>
Current assets					
Debtors	14	961,460		565,025	
Cash at bank and in hand		<u>2,903,785</u>		<u>1,927,249</u>	
		3,865,245		2,492,274	
Creditors: amounts falling due within one year	15	<u>(748,195)</u>		<u>(651,251)</u>	
Net current assets			3,117,050		1,841,023
Total assets less current liabilities			<u>7,951,191</u>		<u>7,172,865</u>
Provisions for liabilities			60,000		-
Net assets			<u><u>7,891,191</u></u>		<u><u>7,172,865</u></u>
Funds					
Unrestricted funds			<u>7,891,191</u>		<u>7,172,865</u>
Total funds			<u><u>7,891,191</u></u>		<u><u>7,172,865</u></u>

The financial statements were approved and authorised for issue by the Board of Trustees on 29 June 2023 and were signed on its behalf by:



Fabio Nehme
 Chair and Trustee
 Company Registration No. 10119873

Date: 29/6/2023

The notes on pages 30 to 44 form part of these financial statements.

MCS Charitable Foundation

Charity balance sheet as at 31 December 2022

		2022		2021	
	Notes	£	£	£	£
Fixed assets					
Investments	13		4,626,744		5,306,613
Current assets					
Debtors	14	20,140		18,792	
Cash at bank and in hand		527,432		563,971	
		<u>547,572</u>		<u>582,763</u>	
Creditors: amounts falling due within one year	15	(35,314)		(23,857)	
Net current assets			512,258		558,906
Total assets less current liabilities			<u>5,139,002</u>		<u>5,865,519</u>
Net assets			<u>5,139,002</u>		<u>5,865,519</u>
Funds					
Unrestricted funds		5,139,002		5,865,519	
		<u>5,139,002</u>		<u>5,865,519</u>	
Total funds			<u>5,139,002</u>		<u>5,865,519</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 £726,517 (2021: deficit of £181,216).

The financial statements were approved and authorised for issue by the Board of Trustees on 29 June 2023 and were signed on its behalf by:


 Fabio Nehme
 Chair and Trustee
 Company Registration No. 10119873

Date: 29/06/23

The notes on pages 30 to 44 form part of these financial statements.

MCS Charitable Foundation

**Consolidated cash flow statement
For the year ended 31 December 2022**

		2022		2021	
	Notes	£	£	£	£
Cashflow from operating activities					
Net cash flow used in operating activities	20		1,150,030		(226,313)
Cashflow from investing activities					
Purchase of tangible fixed assets		(220,253)		(8,467)	
Proceeds from disposal of tangible fixed assets		9,922		-	
Purchase of investments		(1,237,853)		(1,032,211)	
Proceeds on disposal of investments		1,141,424		938,755	
Income received from investments		133,267		104,727	
Net cash generated from/(used in) investing activities			<u>(173,493)</u>		<u>2,804</u>
Net increase/(decrease) in cash and cash equivalents			<u>976,536</u>		<u>(223,509)</u>
Cash and cash equivalents at beginning of year			1,927,249		2,150,758
Cash and cash equivalents at end of year			<u><u>2,903,785</u></u>		<u><u>1,927,249</u></u>
Relating to:					
Cash held in bank			2,590,972		1,615,769
Cash held in current asset investment			312,813		311,480
			<u><u>2,903,785</u></u>		<u><u>1,927,249</u></u>

The notes on pages 30 to 44 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 First Floor Violet 3 Sci-Tech Daresbury, Keckwick Lane, Warrington, Cheshire, England, WA4 4AB.

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 2022.

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 £2,903,785 as at 31 December 2022. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.3 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.

Notes to the financial statements
For the year ended 31 December 2022

1.4 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.

1.5 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.

1.6 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.

1.6 Tangible fixed assets (continued)

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.

1.7 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).

1.8 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.

1.9 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.

1.10 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.

Notes to the financial statements
For the year ended 31 December 2022

1.10 Financial instruments (continued)

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.

1.11 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.

1.12 Retirement benefits

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

1.13 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.

1.14 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 1.8.

3 Income and expenditure from other trading activities

	Group	
	Year ended 31 December 2022 £	Year ended 31 December 2021 £
MCS Service Company income	5,450,082	3,216,911
MCS Service Company expenditure	(3,408,504)	(2,579,192)
Bank interest received	486	-
	2,042,064	637,719

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 First Floor Violet 3 Sci Tech Daresbury, Keckwick Lane, Warrington, Cheshire, England, WA4 4AB. The subsidiary year end is 31 December 2022.

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 2022 is as follows:

	Group	
	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Turnover	5,450,082	3,216,911
Administrative expenses	(3,408,504)	(2,579,192)
Bank interest received	486	-
Profit/(loss) before taxation	2,042,064	637,719
Gift aid payment to MCS Charitable Foundation	(596,737)	-
Net profit/(loss) for the year	1,445,327	637,719
Fixed assets	207,397	25,229
Current assets	3,322,744	1,914,009
Current liabilities	(717,956)	(631,894)
Provisions for liabilities	(60,000)	-
Net assets	2,752,185	1,307,344

4 Income from Investments

	Group	
	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Dividends from investments	133,267	104,727

All income from investments in the current and prior year was unrestricted.

5 Cost of generating funds

	<i>Group</i>	
	Year ended 31 December 2022	Year ended 31 December 2021 as restated
	£	£
Investment manager fees	33,111	33,641

6 Expenditure on charitable activities

	<i>Group</i>	
	Year ended 31 December 2022	Year ended 31 December 2021 as restated
	£	£
Project management and delivery costs*	308,169	373,010
Support costs		
Staff costs	197,554	123,637
Travel costs	14,752	4,146
Accountancy fees	4,900	9,631
Other costs	91,628	52,543
Governance costs		
Trustees' expenses	3,296	1,110
Audit fees**	12,627	9,981
Other costs		
Legal & professional fees	10,056	40,059
Consultancy costs	4,614	24,000
	647,596	638,117

*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.

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

6 Expenditure on charitable activities (continued)

	Year ended 31 December 2022		Year ended 31 December 2021	
	Grants	Programmes	Grants	Programmes
	£	£	£	£
Development and Policy				
Net Zero New Build (<i>Good Homes Alliance</i>)	-	-	13,500	-
Superhomes Rating Scheme (<i>National Energy Foundation</i>)	-	-	15,000	-
Energy Sleeving Pool (<i>Bristol City Council</i>)	-	-	9,555	-
The Community Energy Revolution (<i>Power for People</i>)	5,000	-	5,000	-
Accelerator Cities (<i>UK Green Building Council</i>)	25,000	-	15,000	-
Decarbonising Heat in Scotland's Buildings (<i>WWF Scotland</i>)	15,000	-	15,000	-
Supply Chains (<i>War on Want</i>)	-	-	8,445	-
Community Capacity Building				
Zero Carbon Parish Planning Tool (<i>Herefordshire Green Network</i>)	14,580	-	23,190	-
Zero Carbon Parish Planning Tool (<i>Westminster</i>)	10,000	-	-	-
Accelerating Local Response (<i>Ashden</i>)	16,266	-	53,687	-
Launch Pad Network (<i>Somerset Climate Action Group</i>)	-	-	10,000	-
Renewables Done Well (<i>CPRE</i>)	8,000	-	-	-
Big Solar Coop (<i>Sharenergy Cooperative</i>)	12,900	-	-	-
Accelerating the uptake of renewable energy and low carbon technology in a multi-tenure industrial estate (<i>Wealden District Council</i>)	11,200	-	21,200	-
Ambleside to Zero AtoZ (<i>Ambleside Action for a Future</i>)	-	-	7,000	-
Integrating Community Energy (<i>Community Energy London</i>)	-	-	9,380	-
Community Energy Planning (<i>Centre for Sustainable Energy</i>)	-	-	10,000	-
Community Energy Planning (<i>South East London Community Energy</i>)	20,000	-	-	-
Community Energy Planning (<i>Community Energy England</i>)	5,900	-	-	-

6 Expenditure on charitable activities (continued)

	Year ended 31 December 2022		Year ended 31 December 2021	
	Grants	Programmes	Grants	Programmes
	£	£	£	£
Research and Consumer Information				
Value of Solar Homes (<i>Solar Trade Association</i>)		-	20,000	-
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>)	40,000	-	10,000	-
Heat Pumps Now (<i>Carbon Co-op</i>)	10,000	-	15,000	-
Rebuilding the Low Energy Buildings Database (<i>Association for Environmental Conscious Buildings</i>)	10,000	-	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
Repowering London	30,000	-	-	-
Solar Energy UK	13,823	-	-	-
PEC Trust	15,000	-	-	-
University of Oxford	10,000	-	-	-
Cornwall Insight Limited	-	11,400	-	-
Skills and Education				
Net Zero Skills Builder (<i>Archbishop Council of Church of England</i>)	5,800	-	5,000	-
MCS Skills, Competency & Training project	-	-	12,121	-
Association of Decentralised Energy	10,500	-	-	-
Green Finance				
Conservatives Environment Network	-	7,800	-	-
	<u>288,969</u>	<u>19,200</u>	<u>323,078</u>	<u>49,932</u>
	<u>308,169</u>		<u>373,010</u>	

7 Income from charitable activities

	<i>Group</i>	
	Year ended 31 December 2022	Year ended 31 December 2021
	£	£
Government grant	44,153	-
	<u>44,153</u>	<u>-</u>

Government grant income relates wholly to a grant received by the subsidiary, issued by the Greater London Authority. No other income was received from government sources in the prior year.

8 Net income/(expenditure) for the year

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

	Year ended 31 December 2022	Year ended 31 December 2021
	£	£
Audit fees	24,850	19,450
Depreciation	<u>28,164</u>	<u>7,980</u>

9 Auditor's remuneration

	Year ended 31 December 2022	Year ended 31 December 2021
	£	£
Fees payable to the charity's auditor for the audit of the charity's annual accounts	9,400	7,950
Fees payable to the charity's auditor for other services:		
Audit of the charity's subsidiary	15,450	11,500
Accounts preparation	5,800	5,275
	<u>30,650</u>	<u>24,725</u>

10 Trustees' and key management personnel remuneration and expenses

During the year the trustees, Chief Executive Officer, Chief Executive Officer of the MCS Service Company Ltd, 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 2022 (2021: £Nil).

In the year ended 31 December 2022, key management personnel received total remuneration of £166,061 (5 individuals) (2021: £135,044, (3 individuals)).

Trustee's expenses were reimbursed or paid directly on their behalf during the year for travel, hotels and subsistence to four (2021: none) trustees amounting to £3,577 (2021: £nil).

11 Employees

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

<i>Group</i>	
Year ended 31 December 2022 Number	Year ended 31 December 2021 Number
41	32

The total staff costs and employee benefits were as follows:

	<i>Group</i>	
	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Wages and salaries	1,547,129	1,013,912
Social security costs	165,865	86,326
Other pension costs	114,841	77,648
	<u>1,827,836</u>	<u>1,177,886</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 2022 Number	Year ended 31 December 2021 Number
£70,001 - £80,000	2	1
£90,001 - £100,000	2	1

The group made termination payments totalling £38,926 (2021: £12,750) in the period in respect of 2 (2021: 1) employees.

12 Tangible fixed assets (Group)

	Leasehold improvements £	Plant and equipment £	Office equipment £	Computer equipment £	Total £
Cost					
At 1 January 2022	14,526	370	3,701	20,682	39,279
Additions	188,440	-	6,675	25,138	220,253
Disposals	(14,526)	(370)	(2,379)	(989)	(18,264)
At 31 December 2022	188,440	-	7,997	44,831	241,268
Depreciation					
At 1 January 2022	5,696	222	1,117	7,015	14,050
Charge for the year	19,570	39	606	7,949	28,164
Elimated via disposal	(6,423)	(261)	(1,103)	(556)	(8,343)
At 31 December 2022	18,843	-	620	14,408	33,871
Net book value					
At 31 December 2022	169,597	-	7,377	30,423	207,397
At 31 December 2021	8,830	148	2,584	13,667	25,229

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

13 Fixed asset investments (Group and Charity)

	2022 £	2021 £
Listed investments	4,551,744	5,231,613
Mixed motive investments*	75,000	75,000
	4,626,744	5,306,613

	Mixed motive investments £	Listed investments £	Total £
Valuation			
At 1 January 2022	75,000	5,231,613	5,306,613
Additions	-	1,237,853	1,237,853
Disposals	-	(1,141,424)	(1,141,424)
Gain on revaluation	-	(776,298)	(776,298)
At 31 December 2022	75,000	4,551,744	4,626,744

MCS Charitable Foundation

Notes to the financial statements
For the year ended 31 December 2022

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

Listed investments at fair value comprise:

	2022 £	2021 £
Fixed interest	1,507,051	1,396,804
UK equities	1,074,422	1,286,353
Overseas equities	1,256,318	1,792,534
Alternatives	538,173	598,514
Cash within investment portfolio	175,780	157,408
	<u>4,551,744</u>	<u>5,231,613</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 (2021 - £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.

14 Debtors

	<i>Group</i> 2022 £	2021 £	<i>Charity</i> 2022 £	2021 £
Amounts falling due within one year:				
Trade debtors	633,053	322,361	-	-
Amounts due from subsidiary undertaking	-	-	5,074	4,500
Other debtors	58,165	15,354	-	-
Prepayments and accrued income	270,242	227,310	15,066	14,292
	<u>961,460</u>	<u>565,025</u>	<u>20,140</u>	<u>18,792</u>

15 Creditors: amounts falling due within one year

	<i>Group</i> 2022 £	2021 £	<i>Charity</i> 2022 £	2021 £
Trade creditors	188,918	50,766	13,914	5,164
Other taxation and social security	261,904	147,129	-	-
Other creditors	13,854	10,033	-	-
Accruals and deferred income*	283,519	443,323	21,400	18,693
	<u>748,195</u>	<u>651,251</u>	<u>35,314</u>	<u>23,857</u>

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

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

	<i>Group</i>	
	2022	2021
	£	£
Deferred income		
At 1 January	115,305	146,925
Released in the year	(45,135)	(71,085)
Deferred in the year	45,855	39,465
At 31 December	<u>116,025</u>	<u>115,305</u>

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

16 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:

	2022	2021
	£	£
Within one year	105,984	43,920
Between two and five years	379,800	3,660
	<u>485,784</u>	<u>47,580</u>

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

17 Provisions

At the year end, the group recognised a provision for dilapidations relating to the new office lease.

	2022	2021
	£	£
Dilapidations	60,000	-
	<u>60,000</u>	<u>-</u>

Movements on provisions:

	Dilapidations
	£
Other movements	<u>60,000</u>

The Charity had no provisions in place in the current or prior year.

18 Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £nil for the Group and £nil for the Charity (2021 - £nil and £nil respectively).

19 Related party transactions

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

- The Charity paid £5,528 (2021: £72,726) to The MCS Service Company Ltd for project management and delivery costs.
- The Charity recharged £88,683 (2021: £50,259) of expenses to The MCS Service Company Ltd.
- The MCS Service Company Ltd made a donation of £596,737 (2021: £Nil) to the Charity under Gift Aid.

At the year end, the Charity owed The MCS Service Company Ltd £5,074 (2021: £4,500 was owed from The MCS Service Company Ltd to the Charity).

£80,850 (2021: £85,000) was paid to Solar Trade Association for whom trustee Gareth Williams is a Director, £15,850 of which related to their share of the Solar Skills London GLA grant. £3,645 (2021: £23,190) 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. £10,500 (2021: £6,000) of sales were made to Caplor Energy Limited, a company owned by Gareth Williams. As at 31 December 2022 there were no balances outstanding and the amounts paid/received in the financial year were on an arms length basis.

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

	<i>Group</i>	
	2022	2021
	£	£
Net income for the reporting period (as per the statement of financial activities)	718,326	456,503
Adjustments for:		
Investment income	(133,267)	(104,727)
(Gains) / Losses on investments	776,298	(446,220)
Depreciation and impairment of tangible fixed assets	28,164	7,980
Movements in working capital:		
Increase in debtors	(396,435)	(340,554)
Increase in creditors	96,944	200,705
Increase in provisions	60,000	-
Net cash flow from operating activities	1,150,030	(226,313)

