

Company Registration No. 10119873

Charity Registration No. 1165752

MCS Charitable Foundation

**Trustees' Report and Consolidated Financial
Statements for the year ended 31 December 2023**



MCS Charitable Foundation

Charity reference and administrative details

Trustees	Sandra Elizabeth Walmsley Fabio Silva Nehme (Chair) Karen Anne Shearer (Vice Chair) Mary Ethna Black (Appointed 1 February 2024) Sarah Kate Gosling (Appointed 1 February 2024)
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 LLP 71 Queen Victoria Street London EC4V 4BE
Solicitor	Bates Wells and Braithwaite London LLP 10 Queen Street Place London EC4R 1BE
Bank	CAF Bank Limited 25 Kings Hill Avenue Kings Hill West Malling Kent ME19 4JQ
Investment advisors	Rathbones Investment Management Limited 10 Queen Square Bristol BS1 4NT

MCS Charitable Foundation

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MCS Charitable Foundation

Trustees' report (including statement of trustees' responsibilities) For the year ended 31 December 2023

The Trustees (who are also directors of the MCS Charitable Foundation 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 2023 to 31 December 2023.

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 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, as well as the MCS Fund (the historical profits from the operation of the scheme), to the Foundation on 25 April 2018.

During the year the Foundation changed its trading name to The MCS Foundation.

The MCS Service Company Limited ("the Service Company") now operates as a trading arm of the Foundation. Surplus income from the Service Company is added to the Foundation funds.

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 to make every UK home carbon free.

The Foundation's mission is to decarbonise homes, heat and energy throughout the UK by driving positive change.

MCS Charitable Foundation

**Trustees’ report (including statement of trustees’ responsibilities)
For the year ended 31 December 2023**

Structure, Governance and Management

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

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

Trustees (including Recruitment and Training)

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

Fabio Silva Nehme	Chair
Gareth Williams	Vice Chair (Resigned 31 January 2024)
Charlotte Emma Powell	(Resigned 11 June 2023)
Karen Anne Shearer	Vice Chair since 20 March 2024
Sandra Elizabeth Walmsley	
Mary Ethna Black	(Appointed 1 February 2024)
Sarah Kate Gosling	(Appointed 1 February 2024)

The Board continues to operate the 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 and more integrated operations across the Group. A key recommendation of Higgs LLP was for greater overlap between the Board of the Foundation and the Board of its subsidiary, the Service Company (which runs the MCS Scheme). As such, three Foundation Trustees and the Foundation CEO sit on the Service Company Board.

The Foundation and the Service Company executive teams grew during the year, reflecting the growing ambitions of the Group and increasing income. Joint working between the Foundation and the Service Company was further enhanced, with several initiatives drawing on skills and knowledge from across the Group to advance the Group’s sector-convening work, such as on skills and external affairs, and through MCS facilitation of sector-wide technical working groups for the development and maintenance of standards. The Group and the Service Company Chief Executives also work closely together in planning the activities of the Group and monitoring performance, supported by the Group Senior Management team.

During the year there were some minor changes to the membership of the Board of Trustees, with a current Trustee stepping down in June 2023. Since 31 December 2023 a further Trustee stepped down in January and two new Trustees joined at the beginning of February 2024. Trustees review the skills required on the Board to support the Foundation’s strategic objectives and will add to the Board’s membership during 2024 if it is deemed necessary.

The Trustees consider that the Board of Trustees, the Chief Executive Officer, the Director of External Affairs, the Programmes Director and the Group Finance Director 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.

MCS Charitable Foundation

Trustees' report (including statement of trustees' responsibilities) For the year ended 31 December 2023

Trustees (including Recruitment and Training) (continued)

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 note 10 to the financial statements. The pay bands of the Foundation/Group CEO and the Service Company CEO 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 the 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 and the Service Company.

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

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

Risk Management

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

The principal risks and uncertainties identified by the Trustees are:

- 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.

Performance of the Foundation's investments is monitored on a quarterly basis with Rathbones Investment Management Limited ("Rathbones") providing any significant updates between quarterly reports. The Board has reviewed the Foundation's investment policy in the light of economic conditions. In 2023 there has been a reasonable 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.

The Service Company surpluses were very healthy in 2023. The Service Company Business Plan is focused on ensuring that the MCS scheme remains effective and is simplified to ensure it is accessible 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, primarily for the installation of electricity generating technologies such as solar PV. The current main government incentive (Boiler Upgrade Scheme) has been extended to 2028, with the grant available increased from £5,000 to £7,500. The Service Company plays a key role in the delivery of this scheme alongside Ofgem.

MCS Charitable Foundation

Trustees' report (including statement of trustees' responsibilities) For the year ended 31 December 2023

Objectives and Activities

The Objects of the Foundation 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 in support of the mission to decarbonise the UK's homes. Under the strategy, the core elements of the Group's work continue: running and growing the MCS scheme to give confidence in domestic and small scale renewables; and using the surplus income 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, the 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.

MCS Charitable Foundation

Trustees' report (including statement of trustees' responsibilities) For the year ended 31 December 2023

Strategic Report

Sector Convening Activities: Removal of Barriers

Central to the Group strategy is acting as a convenor of our sector, harnessing the Foundation and Service 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:

Sector Skills Development

The launch of the Low Carbon Heating Apprenticeship is a substantial step forward to increasing the size of the workforce. It was also one of five apprenticeships to receive the royal stamp of approval during the year. The apprenticeship provides a support structure for new entrants to start a career installing heat pumps and other low carbon heating technology which will drive recruitment to the sector.

Department for Education funding was secured for the development of a Renewables Lab at New City College London (sites in Hackney and Dagenham) as part of work with London colleges to develop a model for green skills training.

Local Area Retrofit Accelerator

Local Area Retrofit Accelerator (LARA) builds on the current hands-on grants programme. The most recent grants round and other previous grants have focused on testing place-based interventions to drive uptake of retrofit. LARA will take this a step further by working with localities to develop and test holistic approaches to scaling up retrofit.

The current programme builds on the previous UK Green Building Council (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 silos, 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. Our grants to Leeds City Council, Westminster City Council, Carbon Co-op (Manchester), South East London Community Energy and Brighton & Hove Energy Services Co-operative have provided further evidence of the approaches, benefits and best practice. The Foundation will be an active partner in these projects, which will be the basis of the Accelerating Retrofit programme and support the Foundation's aim to demonstrate the need for other funders to partner in channelling resource into innovation and capacity in the sector.

MCS Charitable Foundation

Trustees' report (including statement of trustees' responsibilities) For the year ended 31 December 2023

Strategic Report (continued)

External Affairs

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

Current priority areas of work include: the reform of building regulations to support net zero and require 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 its 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, academic and NGO sector specialists. It also worked to make its evidence available to policy makers and government through responding to 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. The Foundation is a strategic and active grantor, providing funding for initiatives that seek to make or test strategic level interventions in addressing barriers to retrofit at scale, and often acting as an active partner to grantees:

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 2022 and ongoing:

Targeted and contextualised smart meter data helps the understanding of energy use patterns, especially among households struggling with the cost of energy. The Oxford Martin School Programme on Reconfiguring Energy Needs, Equity and Wellbeing (ReNEW) and Sustainable Heat Insights for Fast and Fair Shift to Net Zero (SHIFT-0) use the same methodology. While ReNEW focuses on household gas and electricity usage, SHIFT-0 targets the transition from gas to electricity use resulting from heat pump adoption. During the 2022/23 heating season both projects were closely aligned in terms of data collection, analysis and outputs.

The project built 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 OMS is a research institute at Oxford undertaking interdisciplinary research to solve the global challenges of the twenty-first century.

MCS Charitable Foundation

Trustees' report (including statement of trustees' responsibilities) For the year ended 31 December 2023

Strategic Report (continued)

Property Linked Finance (delivered by Green Finance Institute) – work started during 2022 and ongoing:

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 it 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 PLF 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.

Development & Policy

Accelerating Cities (delivered by UKGBC) – work completed during the year:

Following exploratory research in 2019, UKGBC began coordinating a programme of work in 2020 designed to support local government to catalyse a step-change in home retrofit. The programme, 'Accelerator Cities', had a single core objective – to help local and combined authorities to develop home retrofit policy and programmes. It did 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.

Skills & Education

Upskilling for Low Carbon Heating in the Private Rented Sector (delivered by ACE Research) – work started during 2022 and ongoing:

The overarching objective is to accelerate heat decarbonisation in the private rented sector, where low levels of awareness and understanding of low carbon heating solutions remain 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 to ensure that their property meets standards, giving them confidence to invest using quality supply chain actors and opening access to grant funding and finance. Project also funded by Calor and the Ground Source Heat Pump Association (GSHPA).

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Strategic Report (continued)

Community Capacity Building

Launch Pad Project (delivered by Somerset Climate Action Network) – work started during 2022 and ongoing:

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.

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 (CEE) 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 Centre for Sustainable Energy) – work started during 2020 and ongoing:

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.

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Strategic Report (continued)

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

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

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

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

Engaging and working with SMEs and property owners to accelerate the implementation of renewable and low carbon technology in a multi-tenure industrial estate setting, this project demonstrates a model for rolling out low carbon solutions. 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, 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 completed during the year:

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

Mass Scale Retrofit

Retrofit Support Service (delivered by Exeter City Council) – work started during 2022 and ongoing:

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.

The funding allows the partnership 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.

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Strategic Report (continued)

Innovative programme design and capacity building for area-based retrofit (delivered by Leeds Council) – work started during 2022 and ongoing:

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 Co-op, Manchester City Council and B4Box) – work started during 2022 and ongoing:

Carbon Co-Op is an energy services and advocacy co-operative 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 gain 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 2022 and ongoing:

In response to the skills requirements to deliver the NPT Council led 'Homes As Power Stations', this will deliver a regional skills project across the Swansea Bay City Deal area.

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.

Feasibility to support Oxford Rose Hill Community informed retrofit (delivered by Oxford City Council) – work started during 2022 and ongoing:

With 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, this pilot project demonstrates retrofit at greater scale than previously delivered in Oxford and tests 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.

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Strategic Report (continued)

Retrofit Somerset (delivered by Somerset Climate Action Network) – work started during 2022 and ongoing:

Researching and designing 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, this 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 (delivered by Stroud District Council) – work started during 2022 and ongoing:

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.

The following projects were commissioned during the year:

Mass Scale Retrofit

Mass Scale Retrofit Programme (UK Green Building Council) – work started during the year:

The Foundation and the UK Green Building Council will work together to determine market need through Local Authority Forums, meetings with Local Area pioneers and second tier authorities to understand what they will need. The funding will be used to develop a regional assessment methodology and an impact/evaluation methodology.

The funding will be used to help create business case templates, financial models, workshops and associated materials to help Local Areas achieve their retrofit goals.

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Trustees' report (including statement of trustees' responsibilities) For the year ended 31 December 2023

Strategic Report (continued)

Activity of the Service Company 2023

2023 has been an exceptional year for the Service Company. The Service Company has built on a year of growth in 2022 brought about by successfully repositioning the Certification Scheme as the sector's quality assurance, irrespective of MCS being a requirement to access government incentives.

2023 has been a record-breaking year for small-scale renewables. MCS data shows that 2023 has surpassed every previous year on record for certified installations of low-carbon energy and heating across the UK.

It goes without saying that 2023 was a year of substantial growth, innovation, and transformation across the renewables landscape. MCS has had an incredibly busy year, and our data confirms the fantastic progress we've made in giving people confidence in home-grown energy.

Our 2023 figures show that MCS has now certified over 1.7 million installations across the UK in our history, with over 229,000 installations registered in 2023 alone. This reflects the growing number of UK homeowners who are turning to renewable energy to heat and power their homes.

In October, we were proud to certify our 4,000th contractor. More than 1,800 new contractors have become certified in 2023, marking a 70% growth in our contractor base since the end of 2022. In fact, more contractors joined the scheme in 2023 than in the previous six years combined.

We are extremely proud of this milestone achievement; it is incredibly encouraging to see our certified contractor base continuing to grow at pace as it reflects the demand for more skilled, competent installers to deliver low-carbon energy and heating technology for UK consumers.

Solar PV continues to be the most popular renewable technology amongst UK homeowners. More than 189,000 certified solar PV installations have been installed across the country in 2023. This exceeds the 138,000 total in 2022 by one third. Our solar PV contractor base has also experienced substantial growth this year. At the end of 2022, MCS had fewer than 2,000 solar PV contractors – today, we have over 3,300.

The growth in solar PV mirrors the growing demand amongst homeowners to generate their own home-grown electricity, reducing energy bills, claiming energy independence, and decreasing their carbon footprint.

In August, we welcomed TÜV Rheinland (China) Ltd ("TÜV Rheinland"), a new product certification body for solar panel products, to the MCS Scheme. TÜV Rheinland's expertise in the fields of solar energy and power electronics will play a critical role in strengthening the UK supply chain for solar panel products.

2023 has seen a significant rise in the popularity of heat pumps. In the past year, over 39,000 certified heat pump installations have been registered across the UK, making 2023 a record year for the technology. This figure brought the UK to over 200,000 certified heat pump installations in total since 2008.

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Strategic Report (continued)

Even with this growth in heat pump deployment, there is still a long way to go if we are to reach Government ambitions of 600,000 heat pump installations a year by 2028. It's critical that we have a dedicated pathway to develop an army of renewable heating installers with certifiable skills who know how to design and fit low-carbon heating systems to the highest possible standard.

Earlier this year, we launched the UK's first Low Carbon Heating Technician apprenticeship. The apprenticeship is the first dedicated training provision for heat pump engineers in the UK. The apprenticeship received praise from a group of independent experts assembled by the Department for Education who selected it as one of six apprenticeships to display the King's Coronation Emblem in recognition of its sustainability goals and efforts to create a dedicated pipeline of talent into the green workforce.

In October, we saw some key changes made to the Boiler Upgrade Scheme (BUS). The grant value for heat pump installations was increased to £7,500, opening up the possibility of owning a heat pump to thousands more homeowners. Since the increase of the grant value, average weekly applications for BUS vouchers soared from 331 to 1,172, reflecting the impact of supportive Government policy on deploying important low-carbon technology.

The grant increase will make it easier and more affordable for the average UK consumer to transition to low-carbon heating, which is a vital step forward in our pursuit to meet the Government ambition to install 600,000 heat pumps annually by 2028.

To maximise the benefit of generating solar energy at home, more homeowners are increasingly installing batteries alongside their PV systems. Furthermore, homeowners are also retrofitting batteries to their existing PV systems. A year on from introducing our Battery Storage installation standard, we've already seen remarkable growth in the number of contractors and installations for this new technology type.

2023 has been a record-breaking year for battery storage so far, with the technology becoming the third most popular technology type to be installed by our certified contractor base. At the end of 2022, there were 50 contractors certified to install battery storage – today, there are over 850. Installations have also seen a similar growth, with 4,400 of the 4,700 certified batteries being installed in 2023.

In 2023, Wales ended the year as the top nation with 1.53% of households installing small-scale renewables on their homes and businesses. Registering 20,622 throughout the year, Wales reached 100,000 installations in Scheme history in June, a tremendous milestone for the nation.

During 2023 the Service Company ran a six-week consultation on proposals to redevelop the scheme, seeking views from contractors, consumers, manufacturers and independent experts on how we should shape the future of MCS. With strong industry support, MCS will now proceed with the development of the new scheme, standards and associated documents and processes.

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 a way to insulate themselves from high electricity prices.

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Strategic Report (continued)

In the recently published consultation on the 2025 Future Homes Standard, the Government has proposed all new build homes utilising solar and battery storage should only be fitted with battery systems compliant with MCS standards to ensure quality and safety.

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 229,000 MCS certified installations registered.
- Supported the extension of the Boiler Upgrade Scheme until 2028 and an increase from September from £5,000 to £7,500.
- Successfully advocated to get MCS written into the proposed Clean Heat Market Mechanism.
- The new 'Low carbon heating apprenticeship' was launched.
- Successfully made the case against a new hydrogen levy being applied to electricity bills, which would have disincentivised the electrification of heat.
- Successfully advocated for 0% VAT for battery storage for existing solar and groundworks associated with ground source heat pumps, and for existing VAT exemptions for domestic renewables to be extended to Northern Ireland.
- Played an active role in supporting the delivery of grant-funded projects.
- Launched the new MCS Foundation brand and website, highlighting our mission and vision, focusing on UK homes, and establishing a clear link to the MCS Service Company.

Financial Review

a) Financial Review Summary

The Foundation made a surplus, after investment gains of £115,709 (2022: investment losses £776,298), of £1,697,596 (2022: £718,326) in the year.

During the year the Foundation's income amounted to £8,036,173 (2022: £5,583,835). The majority of the income related to trading income from the subsidiary of £7,840,308 (2022: £5,405,929). The remainder being income of £145,865 (2022: £133,753) from the investments held, and £50,000 grant funding (2022: £44,153).

The costs of the Foundation for the year amounted to £6,454,286 (2022: £4,089,211). £1,455,170 (2022: £680,827) of expenditure incurred related to costs incurred directly through the Foundation in the delivery of charitable objects. £4,966,306 (2022: £3,408,504) related to trading costs of the Service Company which also advanced delivery of the Foundation's objects around standards.

At 31 December 2023 the Foundation held £4,843,037 (2022: £4,626,744) 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. £4,598,917 (2022: £2,903,785) was held in cash at bank.

The Foundation's total funds at the year end amounted to £9,588,787 (2022: £7,891,191).

MCS Charitable Foundation

Trustees' report (including statement of trustees' responsibilities) For the year ended 31 December 2023

Strategic Report (continued)

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. In 2023 the Foundation made a surplus, building the fund available to support the delivery of the Foundation's work in the coming years.

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 2020 and 2021, 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	2023 £000	2022 £000
Investments	4,843	4,627
Cash and short-term deposits	4,598	2,904
Exclusions*	-75	-75
Total	9,366	7,456

*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 2023 was £9.4m, which represents 13 months of budgeted cash outflows for the year. All funds held are unrestricted. The Trustees are comfortable with holding a large reserves balance as it is heavily reliant on the trading profits of the subsidiary being its main source of income, funding its grant making and operational outflows. Should the trading subsidiary experience disruptions to operations, the Foundation will look to rely on its reserves to fund its operational activities in the short term. The Trustees are aware of current best practices for reserves policy and will be reviewing plans during the year, with an option of designating an amount of funds, due to the planned increase in programme spending.

The Group is budgeting to spend on average £717k cash per month during 2024, a total in the region of £8.6m for the year. We anticipate our investment portfolio to increase in 2024, 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.

MCS Charitable Foundation

Trustees' report (including statement of trustees' responsibilities) For the year ended 31 December 2023

Strategic Report (continued)

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 trading surpluses from the operation of the MCS scheme under the Service Company.

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 public fundraising work, and future fundraising and financial partnership work is likely to be with other Foundations and institutions. The Foundation does not actively raise funds or solicit donations directly from the general public. The Foundation 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 Rathbones (£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 2023, the market value of investment held amounted to £4,768,037 (2022: £4,551,744). During the year the investments yielded investment income of £145,012 (2022: £133,267) and unrealised investment capital gains of £115,709 (2022: investment losses of £776,298).

During 2020 the Foundation 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 Foundation pledging to commit up to £500,000 towards investment in different projects, to be used by Ethex to help leverage additional funding from individuals. These investments are mixed motive, in that they help advance the Foundation'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 Foundation to show leadership in the sector in how capital funds can help directly advance the charitable mission, while also diversifying the Foundation's investment portfolio in a way that is judged to reduce risk. To date, two such investments have been made totalling £75,000 (2022: £75,000) with other potential projects to be reviewed as and when they are put forward by Ethex.

MCS Charitable Foundation

Trustees' report (including statement of trustees' responsibilities) For the year ended 31 December 2023

Strategic Report (continued)

Plans for the Future

The Group Strategic Plan for 2024 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 2024 include:

- Launch the first Local Area Retrofit Accelerator (LARA) pilot projects, working with key stakeholders in localities to address barriers to retrofit at scale, on topics such as skills, finance and consumer information.
- Support the introduction of a Future Homes Standard that requires renewable technologies to be installed in new build, and develop a business model for the expansion of MCS standards into new build.
- Advocate for measures to reduce the cost of electricity – including the moving of environmental tariffs into general taxation – 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.
- Support the roll out of the Low Carbon Heating Technician Apprenticeship, and further build wider plans for recruitment and engagement into the sector, including of young people.
- Use the Foundation's grants programme to drive innovation in addressing barriers to retrofit at scale, acting as an active partner with grantees and sharing learning from grants within the sector.
- Build partnerships with other funders to increase the funding available for interventions arising from the LARA pilots.
- Launch a consumer facing website providing information on heat pumps.
- 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.

The Service Company Plans for 2024

Building on the Service Company's significant achievements in 2023, the Service Company's primary goal for 2024 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 Service 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 Service Company plans for 2024 will support ongoing growth of the sector, delivered primarily through continued growth in the UK's heat pump market, further complemented by the income potential from the certification of battery installations.

MCS Charitable Foundation

Trustees' report (including statement of trustees' responsibilities) For the year ended 31 December 2023

Strategic Report (continued)

In 2024, the strategic objectives of the Service Company and its related investments, will focus on the achievement of the following goals:

1. Launch of the new scheme

Following the outcomes determined through public consultation in 2023 the Service Company will be looking to launch the new scheme at the end of 2024, working with certification bodies and installers to trial aspects of the scheme before launch.

One of the biggest changes in the new scheme is to deploy risk-based assessments. Contractors that maintain compliance with the Standards will be rewarded with a lower frequency of assessment. Those considered of high risk of non-compliance, will attract more on-site assessments. This will increase the protection of consumers.

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 2024, the Service Company is working with the industry and experts in the field to redefine the Scheme's consumer protections. As a result, the Service 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 Service 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 2024, the Service 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 Service Company to address what is a strategic opportunity for MCS in the further development of Standards and associated compliance Schemes.

5. Consumer journey: Go Renewables

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

MCS Charitable Foundation

Trustees' report (including statement of trustees' responsibilities) For the year ended 31 December 2023

Trustees' Responsibilities Statement

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

Company law requires the Trustees to prepare financial statements for each financial period. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the income and the expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

Disclosure of information to the auditors

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

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

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

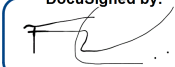
Auditors

Saffery 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.

MCS Charitable Foundation

Trustees' report (including statement of trustees' responsibilities) For the year ended 31 December 2023

This report was approved by the Trustees on 19 June 2024 and signed on their behalf.

DocuSigned by:

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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 2023

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 2023 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 2023 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 2023

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.

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.

MCS Charitable Foundation

Independent auditor's report to the Members and Trustees of MCS Charitable Foundation For the year ended 31 December 2023

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.

MCS Charitable Foundation

Independent auditor's report to the Members and Trustees of MCS Charitable Foundation For the year ended 31 December 2023

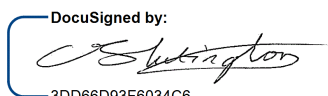
During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of 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.

DocuSigned by:


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Cara Turtington (Senior Statutory Auditor)
for an on behalf of Saffery LLP

Chartered Accountants
Statutory Auditors

03 July 2024

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 2023**

		Year ended 31 December 2023 Unrestricted funds	Year ended 31 December 2022 Unrestricted funds
	Notes	£	£
Income from:			
Other trading activities	3	7,840,308	5,405,929
Charitable activities	4	50,000	44,153
Investments	5	145,865	133,753
Total income		8,036,173	5,583,835
Expenditure on:			
Raising funds:			
Other trading activities	3	4,966,306	3,408,504
Fundraising activities	6	32,810	33,111
Charitable activities	7	1,455,170	647,596
Total expenditure		6,454,286	4,089,211
Net income/(expenditure) before investment movement		1,581,887	1,494,624
Net gains/(losses) on investments	13	115,709	(776,298)
Net income and movement in funds		1,697,596	718,326
Reconciliation of funds:			
Total funds brought forward		7,891,191	7,172,865
Total funds carried forward		9,588,787	7,891,191

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

All income and expenditure derive from continuing activities.

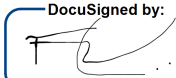
The notes on pages 29 to 42 form part of these financial statements.

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 2023**

	Notes	2023		2022	
		£	£	£	£
Fixed assets					
Tangible assets	12		216,155		207,397
Investments	13		4,843,037		4,626,744
			<u>5,059,192</u>		<u>4,834,141</u>
Current assets					
Debtors	14	1,113,687		961,460	
Cash at bank and in hand		<u>4,598,917</u>		<u>2,903,785</u>	
		5,712,604		3,865,245	
Creditors: amounts falling due within one year	15	<u>(1,114,909)</u>		<u>(748,195)</u>	
Net current assets			4,597,695		3,117,050
Total assets less current liabilities			<u>9,656,887</u>		<u>7,951,191</u>
Creditors: amounts falling due within one year					
Other creditors	16	(8,100)		-	
Provisions for liabilities	18	<u>(60,000)</u>		<u>(60,000)</u>	
			(68,100)		(60,000)
Net assets			<u>9,588,787</u>		<u>7,891,191</u>
Funds					
Unrestricted funds			9,588,787		7,891,191
Total funds			<u>9,588,787</u>		<u>7,891,191</u>

The financial statements were approved and authorised for issue by the Board of Trustees on 19 June 2024 and were signed on its behalf by:

DocuSigned by:

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Fabio Nehme
Chair and Trustee
Company Registration No. 10119873

03 July 2024
 Date:

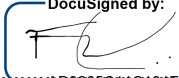
The notes on pages 29 to 42 form part of these financial statements.

MCS Charitable Foundation**Charity balance sheet as at 31 December 2023**

		2023		2022	
	Notes	£	£	£	£
Fixed assets					
Investments	13		4,843,037		4,626,744
Tangible assets	12		1,442		-
Current assets					
Debtors	14	43,408		20,140	
Cash at bank and in hand		1,205,731		527,432	
		<u>1,249,139</u>		<u>547,572</u>	
Creditors: amounts falling due within one year	15	(131,783)		(35,314)	
Net current assets			<u>1,117,356</u>		<u>512,258</u>
Total assets less current liabilities			<u>5,961,835</u>		<u>5,139,002</u>
Creditors: amounts falling due over one year	16		(8,100)		-
Net assets			<u>5,953,735</u>		<u>5,139,002</u>
Funds					
Unrestricted funds		5,953,735		5,139,002	
		<u>5,953,735</u>		<u>5,139,002</u>	
Total funds			<u>5,953,735</u>		<u>5,139,002</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 surplus of the parent company charity for the year was £814,733 (2022: £726,517).

The financial statements were approved and authorised for issue by the Board of Trustees on 19 June 2024 and were signed on its behalf by:

DocuSigned by:

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Fabio Nehme
Chair and Trustee
Company Registration No. 10119873

03 July 2024
 Date:

The notes on pages 29 to 42 form part of these financial statements.

MCS Charitable Foundation**Consolidated cash flow statement
For the year ended 31 December 2023**

		2023		2022	
	Notes	£	£	£	£
Cashflow from operating activities					
Net cash flow used in operating activities	21		1,719,823		1,150,030
Cashflow from investing activities					
Purchase of tangible fixed assets		(73,102)		(220,253)	
Proceeds from disposal of tangible fixed assets		3,130		9,922	
Purchase of investments		(1,680,450)		(1,237,853)	
Proceeds on disposal of investments		1,579,866		1,141,423	
Income received from investments		145,865		133,267	
Net cash generated from/(used in) investing activities			(24,691)		(173,494)
Net increase/(decrease) in cash and cash equivalents			1,695,132		976,536
Cash and cash equivalents at beginning of year			2,903,785		1,927,249
Cash and cash equivalents at end of year			4,598,917		2,903,785
Relating to:					
Cash held in bank			3,558,932		2,590,972
Cash held in current asset investment			1,039,985		312,813
			4,598,917		2,903,785

The notes on pages 29 to 42 form part of these financial statements.

MCS Charitable Foundation

Notes to the financial statements

For the year ended 31 December 2023

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 2023.

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 £4,598,917, as at 31 December 2023. 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.

MCS Charitable Foundation

Notes to the financial statements

For the year ended 31 December 2023

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.

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.

MCS Charitable Foundation

Notes to the financial statements

For the year ended 31 December 2023

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.

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.

MCS Charitable Foundation

Notes to the financial statements

For the year ended 31 December 2023

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. 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.

MCS Charitable Foundation**Notes to the financial statements
For the year ended 31 December 2023****3 Income and expenditure from other trading activities**

	<i>Group</i>	
	Year ended 31 December 2023 £	Year ended 31 December 2022 £
MCS Service Company income	7,840,308	5,405,929
MCS Service Company expenditure	(4,966,306)	(3,408,504)
	<u>2,874,002</u>	<u>1,997,425</u>

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 2023.

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 2023 is as follows:

	Year ended 31 December 2023 £	Year ended 31 December 2022 £
Turnover	7,713,694	5,365,911
Administrative expenses	(5,055,670)	(3,408,504)
Other operating income	148,516	84,171
Profit/(loss) before taxation	<u>2,806,540</u>	<u>2,041,578</u>
Gift aid payment to MCS Charitable Foundation	(1,923,671)	(596,737)
Net profit/(loss) for the year	<u>882,869</u>	<u>1,444,841</u>
Fixed assets	214,713	207,397
Current assets	4,464,064	3,322,744
Current liabilities	(983,723)	(717,956)
Provisions for liabilities	(60,000)	(60,000)
Net assets	<u>3,635,054</u>	<u>2,752,185</u>

MCS Charitable Foundation**Notes to the financial statements
For the year ended 31 December 2023****4 Income from charitable activities**

	<i>Group</i>	
	Year ended 31 December 2023 £	Year ended 31 December 2022 £
Government grant	50,000	44,153

Government grant income relates wholly to a grant received by the subsidiary, issued by the Greater London Authority.

5 Income from Investments

	<i>Group</i>	
	Year ended 31 December 2023 £	Year ended 31 December 2022 £
Dividends from investments	145,012	133,267
Bank interest received	853	486
	<u>145,865</u>	<u>133,753</u>

6 Cost of generating funds

	<i>Group</i>	
	Year ended 31 December 2023 £	Year ended 31 December 2022 £
Investment manager fees	<u>32,810</u>	<u>33,111</u>

MCS Charitable Foundation**Notes to the financial statements
For the year ended 31 December 2023****7 Expenditure on charitable activities**

	Group	
	Year ended 31 December 2023	Year ended 31 December 2022
	£	£
Project management and delivery costs*	685,765	308,169
Support costs		
Staff costs	388,497	197,554
Travel costs	38,400	14,752
Accountancy fees	5,100	4,900
Legal fees	2,416	-
Other costs	264,842	91,628
Governance costs		
Trustees' expenses	14,379	3,296
Legal fees	16,385	-
Consultancy costs	8,529	-
Audit fees**	14,680	12,627
Other costs		
Legal and professional fees	-	10,056
Consultancy costs	16,179	4,614
	1,455,170	647,596

*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.

Project management and delivery costs

	Year ended 31 December 2023		Year ended 31 December 2022	
	Grants £	Programmes £	Grants £	Programmes £
Development and Policy				
The Community Energy Revolution (<i>Power for People</i>)	-	-	5,000	-
Accelerator Cities (<i>UK Green Building Council</i>)	10,000	-	25,000	-
Decarbonising Heat in Scotland's Buildings (<i>WWF Scotland</i>)	-	-	15,000	-
Standards Investment (<i>The MCS Service Company Ltd</i>)	-	4,380	-	-
Community Capacity Building				
Zero Carbon Parish Planning Tool (<i>Herefordshire Green Network</i>)	-	-	14,580	-
Zero Carbon Parish Planning Tool (<i>Westminster City Council</i>)	30,000	-	10,000	-
Accelerating Local Response (<i>Ashden</i>)	4,066	-	16,266	-
Launch Pad Network (<i>Somerset Climate Action Group</i>)	10,000	-	-	-
Renewables Done Well (<i>CPRE</i>)	-	-	8,000	-

MCS Charitable Foundation**Notes to the financial statements****For the year ended 31 December 2023****7 Expenditure on charitable activities (continued)**

	Year ended 31 December 2023		Year ended 31 December 2022	
	Grants	Programmes	Grants	Programmes
	£	£	£	£
Accelerating the uptake of renewable energy and low carbon technology in a multi-tenure industrial estate (<i>Wealden District Council</i>)	8,100	-	11,200	-
Big Solar Coop (<i>Sharenergy Cooperative</i>)	12,000	-	12,900	-
Community Energy Planning (<i>Centre for Sustainable Energy</i>)	27,500	-	-	-
Community Energy Planning (<i>South East London Community Energy</i>)	7,500	-	20,000	-
Community Energy Planning (<i>Community Energy England</i>)	5,900	-	5,900	-
One Stop Shop (<i>Regen SW</i>)	-	16,920	-	-
The Local Grid Challenge (<i>Regen SW</i>)	-	67,560	-	-
Research and Consumer Information				
Value of Solar Homes (<i>Solar Trade Association</i>)	13,823	-	-	-
Measured Savings, Better Outcomes (<i>Energy Systems Catapult</i>)	-	-	40,000	-
Heat Pumps Now (<i>Carbon Co-op</i>)	10,000	-	10,000	-
Rebuilding the Low Energy Buildings Database (<i>Association for Environmental Conscious Buildings</i>)	-	-	10,000	-
MP Survey (<i>You Gov Plc</i>)	-	15,825	-	-
Repowering London	-	-	30,000	-
Solar Energy UK	-	-	13,823	-
PEC Trust	-	-	15,000	-
University of Oxford	30,000	-	10,000	-
Cornwall Insight Limited	-	17,400	-	11,400
Property Linked Finance (<i>Green Finance Institute</i>)	60,000	-	-	-
New Build Analysis (<i>Think Three Ltd</i>)	-	15,120	-	-
One Stop Shop (<i>Dr Catrin Maby OBE</i>)*	-	4,637	-	-
One Stop Shop (<i>Living Places Earth Advisers Ltd</i>)	-	12,240	-	-
Retrofit Research (<i>SE2 Ltd</i>)	-	7,200	-	-
Skills and Education				
Net Zero Skills Builder (<i>Archbishop Council of Church of England</i>)	-	-	5,800	-
MCS Skills, Competency & Training project	-	-	-	-
Association of Decentralised Energy	24,500	-	10,500	-
Green Apprenticeships Research 2023/24 (<i>Shift Insight Limited</i>)	-	15,294	-	-
Green Finance				
Conservatives Environment Network	-	7,800	-	7,800

MCS Charitable Foundation**Notes to the financial statements****For the year ended 31 December 2023****7 Expenditure on charitable activities (continued)**

	Year ended 31 December 2023		Year ended 31 December 2022	
	Grants	Programmes	Grants	Programmes
	£	£	£	£
Mass Scale Retrofit				
Retrofit Support Service (<i>Exeter City Council / Devon County Council</i>)	20,000	-	-	-
Innovative programme design and capacity building for area-based retrofit (<i>Leeds City Council</i>)	25,000	-	-	-
Retrofit Supply Chain Pilot (<i>Carbon Coop - The Society for the Reduction of Carbon Limited and Manchester City Council</i>)	30,000	-	-	-
Integrating Skills and Competency in Green / Retrofit through new learning pathways (<i>Neath Port Talbot council</i>)	40,000	-	-	-
Oxford Rose Hill Community informed retrofit (<i>University of Oxford</i>)	12,000	-	-	-
Retrofit Somerset (<i>Somerset Climate Action Group</i>)	40,000	-	-	-
Low Carbon Communities (<i>Stroud District Council</i>)	45,000	-	-	-
MSR Programme (<i>UK Green Building Council</i>)	30,000	-	-	-
Advancing Net Zero (<i>UK Green Building Council</i>)	-	6,000	-	-
	<u>495,389</u>	<u>190,376</u>	<u>288,969</u>	<u>19,200</u>
	<u>685,765</u>		<u>308,169</u>	

* Programmes expenditure incurred in relation to consultancy support to the One Stop Shop project working alongside Surrey County Council and UKGBC.

8 Net income/(expenditure) for the year

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

	Year ended 31 December 2023 £	Year ended 31 December 2022 £
Audit fees	26,850	24,850
Depreciation	<u>61,217</u>	<u>28,164</u>

MCS Charitable Foundation**Notes to the financial statements
For the year ended 31 December 2023****9 Auditor's remuneration**

	Year ended 31 December 2023 £	Year ended 31 December 2022 £
Fees payable to the charity's auditor for the audit of the charity's annual accounts	10,000	9,400
Fees payable to the charity's auditor for other services:		
Audit of the charity's subsidiary	16,850	15,450
Accounts preparation	6,250	5,800
	<u>33,100</u>	<u>30,650</u>

10 Trustees' and key management personnel remuneration and expenses

The trustees neither received nor waived any remuneration during the year ended 31 December 2023 (2022: £Nil).

The Aggregate remuneration to key management personnel for services to the foundation amounted to £375,698 (2022: £166,061).

Trustees expenses were reimbursed or paid directly on their behalf during the year for travel, hotels and subsistence to three (2022: four) trustees amounting to £6,249 (2022: £3,577).

11 Employees

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

<i>Group</i>	
Year ended 31 December	Year ended 31 December
2023 Number	2022 Number
66	41

The total staff costs and employee benefits were as follows:

	<i>Group</i> Year ended 31 December	Year ended 31 December
	2023 £	2022 £
Wages and salaries	2,371,002	1,547,129
Social security costs	244,257	165,865
Other pension costs	185,836	114,841
	<u>2,801,095</u>	<u>1,827,835</u>

MCS Charitable Foundation**Notes to the financial statements
For the year ended 31 December 2023****11 Employees (continued)**

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

	Group	
	Year ended 31 December 2023 Number	Year ended 31 December 2022 Number
£60,001 - £70,000	2	-
£70,001 - £80,000	-	2
£90,001 - £100,000	1	2
£110,001 - £120,000	1	-
£120,001 - £130,000	1	-

The group made termination payments totalling £25,560 (2022: £38,926) in the period in respect of 1 (2022: 2) employees.

12 Tangible fixed assets (Group and Charity)

Group	Leasehold improvements £	Plant and equipment £	Office equipment £	Computer equipment £	Total £
Cost					
At 1 January 2023	188,440	-	7,997	44,831	241,268
Disposals	-	-	-	(6,905)	(6,905)
At 31 December 2023	195,332	9,400	27,629	75,104	307,465
Depreciation					
At 1 January 2023	18,843	-	620	14,408	33,871
Charge for the year	38,837	1,371	5,087	15,923	61,218
Disposals	-	-	-	(3,779)	(3,779)
At 31 December 2023	57,680	1,371	5,707	26,552	91,310
Net book value					
At 31 December 2023	137,653	8,029	21,922	48,551	216,155
At 31 December 2022	169,597	-	7,377	30,423	207,397
Charity				Computer equipment £	
Cost					
At 1 January 2023				-	
Additions				1,648	
At 31 December 2023				1,648	
Depreciation					
At 1 January 2023				-	
Charge for the year				206	
At 31 December 2023				206	
Net book value					
At 31 December 2023				1,442	
At 31 December 2022				-	

MCS Charitable Foundation**Notes to the financial statements
For the year ended 31 December 2023****13 Fixed asset investments (Group and Charity)**

	2023	2022
	£	£
Listed investments	4,768,037	4,551,744
Mixed motive investments*	75,000	75,000
	<u>4,843,037</u>	<u>4,626,744</u>

	Mixed motive investments	Listed investments	Total
	£	£	£
Valuation			
At 1 January 2023	75,000	4,551,744	4,626,744
Additions	-	1,680,450	1,680,450
Disposals	-	(1,579,866)	(1,579,866)
Gain on revaluation	-	115,709	115,709
At 31 December 2023	<u>75,000</u>	<u>4,768,037</u>	<u>4,843,037</u>

Listed investments at fair value comprise:

	2023	2022
	£	£
Fixed interest	1,974,331	1,507,051
UK equities	1,002,129	1,074,422
Overseas equities	1,230,844	1,256,318
Alternatives	510,660	538,173
Cash within investment portfolio	50,073	175,780
	<u>4,768,037</u>	<u>4,551,744</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 (2022 - £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

	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	650,888	633,053	-	-
Amounts due from subsidiary undertaking	-	-	-	5,074
Other debtors	56,281	58,165	-	-
Prepayments and accrued income	406,518	270,242	43,408	15,066
	<u>1,113,687</u>	<u>961,460</u>	<u>43,408</u>	<u>20,140</u>

MCS Charitable Foundation**Notes to the financial statements
For the year ended 31 December 2023****15 Creditors: amounts falling due within one year**

	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
Trade creditors	286,762	188,918	41,420	13,914
Amounts due to subsidiary undertakings	-	-	599	-
Other taxation and social security	304,716	261,904	-	-
Other creditors	88,723	13,854	-	-
Accruals and deferred income*	434,708	283,519	89,764	21,400
	<u>1,114,909</u>	<u>748,195</u>	<u>131,783</u>	<u>35,314</u>

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

	Group	
	2023	2022
	£	£
Deferred income		
At 1 January	116,025	115,305
Released in the year	(33,945)	(45,135)
Deferred in the year	72,495	45,855
At 31 December	<u>154,575</u>	<u>116,025</u>

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

16 Creditors: amounts falling due over one year

	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
Other Creditors	8,100	-	8,100	-
	<u>8,100</u>	<u>-</u>	<u>8,100</u>	<u>-</u>

17 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:

	2023	2022
	£	£
Within one year	105,987	105,984
Between two and five years	273,516	379,800
In over five years	0	0
	<u>379,503</u>	<u>485,784</u>

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

18 Provisions (Group)

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

	2023	2022
Dilapidations	<u>60,000</u>	<u>60,000</u>

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

MCS Charitable Foundation**Notes to the financial statements
For the year ended 31 December 2023****19 Capital commitments**

Amounts contracted for but not provided in the financial statements amounted to £nil for the Group and £nil for the Charity (2022 - £nil and £nil respectively).

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

- The Charity paid £25,828 (2022: £5,528) to The MCS Service Company Ltd for project management and delivery costs.
- The Charity recharged £84,543 (2022: £88,683) of expenses to The MCS Service Company Ltd.
- The MCS Service Company Ltd made a donation of £1,923,671 (2022: £596,737) to the Charity under Gift Aid.

At the year end, the Charity owed The MCS Service Company Ltd £nil (2022: £5,074 was owed from The MCS Service Company Ltd to the Charity).

£105,000 (2022: £80,850) was paid to Solar Trade Association for whom trustee Gareth Williams is a Director, £nil (2022: £15,850) of which related to their share of the Solar Skills London GLA grant. £nil (2022: £3,645) 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. £19,500 (2022: £10,500) of sales were made to Caplor Energy Limited, a company owned by Gareth Williams.

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

	<i>Group</i> 2023 £	2022 £
Net income for the reporting period (as per the statement of financial activities)	1,697,596	718,326
Adjustments for:		
Investment income	(145,865)	(133,267)
(Gains) / Losses on investments	(115,709)	776,298
Depreciation and impairment of tangible fixed assets	61,217	28,164
Movements in working capital:		
Increase in debtors	(152,228)	(396,435)
Increase in creditors	374,814	96,944
Increase in provisions	-	60,000
Net cash flow from operating activities	1,719,823	1,150,030