Company Registration No. 10119873

Charity Registration No. 1165752

MCS Charitable Foundation

Trustees' Report and Consolidated Financial Statements for the year ended 31 December 2025

THE MCS FOUNDATION

MCS Charitable Foundation

Charity reference and administrative details

Trustees	Mary Black (Chair) Karen Shearer (Vice Chair) Fabio Nehme Matthew Billson Sarah Gosling David Pinder, OBE Rebecca Ritchie
Chief Executive Officer	Garry Felgate
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 Port of Liverpool Building Pier Head Liverpool L3 1NW

MCS Charitable Foundation

Contents

	Page
Trustees' report	1 – 20
Independent auditor's report	21 – 24
Consolidated statement of financial activities	25
Consolidated balance sheet	26
Charity balance sheet	27
Consolidated cash flow statement	28
Notes to the financial statements	29 – 42

MCS Charitable Foundation

Trustees' report
For the year ended 31 December 2025

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 2025 to 31 December 2025.

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

MCS (Microgeneration Certification Scheme) is the UK's quality mark for small-scale renewable energy technologies like solar panels and heat pumps. It has two main roles: setting and maintaining standards, and providing consumer protection, and plays an important part in the growth of renewable technologies in homes and small businesses.

MCS was set up by the UK Government in 2008 as a quality assurance scheme. In 2018, MCS became independent from Government, with the assets comprising MCS, as well as the MCS Fund (the historical profits from the operation of the Scheme) transferred to the MCS Charitable Foundation on 25 April 2018.

In 2023 the MCS Charitable 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 MCS Foundation. Surplus income from the Service Company is added to the MCS 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:

> That every UK home benefits from being carbon free.

The Foundation's mission is:

> To transform the way that our homes heated, cooled and powered by reducing carbon and increasing electrification, energy efficiency and affordability.

Trustees' report
For the year ended 31 December 2025

Structure, Governance and Management

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

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

Mary Black	Chair from 19 March 2026
Karen Shearer	Vice Chair
Fabio Nehme	Chair until 19 March 2026
Sandra Walmsley	(Resigned on 19 June 2025)
Sarah Gosling	
David Pinder, OBE	(Appointed 1 June 2025)
Matthew Billson	(Appointed 1 June 2025)
Rebecca Ritchie	(Appointed 1 June 2025)

Three new Trustees joined the Foundation in June 2025. The Board regularly reviews the mix of skills needed to support the Foundation's strategic objectives and plans to make further appointments during 2026.

The Trustees consider the key management personnel of the Foundation to comprise the Board of Trustees, the Foundation Chief Executive Officer, the Service Company Chief Executive Officer, the Director of External Affairs, the Programmes Director, and the Group Director of Communications and Marketing. Trustees are responsible for governance and setting the strategic direction, while the Executive Team is responsible for the day-to-day management and delivery of the Foundation's activities.

All Trustees give their time freely and received no remuneration during the year. Details of Trustees' expenses and related party transactions are disclosed in the notes to the accounts.
The remuneration of the Chief Executives is set by the Board of Trustees and was reviewed during 2025. The remuneration of other staff is determined by the Chief Executives within an established framework. Remuneration is set at a level intended to be fair and sufficient to attract and retain staff with the appropriate skills and experience.

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 (including Recruitment and Training) (continued)

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.

In April 2025, the MCS Charitable Foundation was granted Charitable Status in Scotland (SC054191) by the Scottish Charity Regulator (OSCR) and will be planning to use this responsibility to further push forward the decarbonisation of homes in Scotland.

The Foundation and the Service Company executive teams continued to develop during the year, reflecting the growing ambitions of the Group and the increasing income levels. In July 2024, the previous CEO of the Foundation resigned after being elected MP for Waveney Valley and in April 2025 Dr Garry Felgate joined as Group CEO to continue the excellent work and drive towards the Foundation's charitable objectives.

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:

Policy & Regulatory Risk
The MCS Group operates within a policy environment that is subject to change, particularly in relation to the UK's net-zero ambitions and support for small-scale renewable energy and retrofit. Changes in government policy or regulation could impact the relevance or demand for the Group's activities. The Group mitigates this risk through active engagement with policymakers and sector stakeholders, and by maintaining flexibility in programme design and delivery.

Delivery & Impact Risk
There is a risk that programmes may not achieve their intended outcomes due to operational challenges, partner performance, or external constraints such as supply chain limitations within the retrofit sector. To mitigate this, the Foundation employs robust project management disciplines, undertakes appropriate due diligence on delivery partners, and maintains monitoring and evaluation frameworks to assess performance and impact.

Reputational Risk
The Foundation's reputation is central to its effectiveness and ability to influence change. There is a risk of reputational damage arising from programme delivery issues, stakeholder criticism, or association with third parties whose performance does not meet expected standards. This risk is mitigated through strong governance, clear communications, transparency in reporting, and proactive stakeholder engagement.

Operational and People Risk
The Foundation's success depends on its ability to attract and retain skilled staff, particularly in areas such as policy, technical delivery, and programme management. There is a risk that capacity constraints or loss of key personnel could affect operations. The Foundation mitigates this risk through appropriate recruitment and retention strategies, investment in staff development, and succession planning.

Risk Management (continued)

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.

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 focused on utilising the knowledge, assets and market position of MCS to drive the sector's growth in support of the mission to decarbonise UK homes. In 2025 the Trustees asked the new CEO to develop, in full consultation with the Trustees, a new five-year strategy for the MCS Group, i.e. The Foundation and The Service Company.

The CEO led the development of a two-phase approach for the delivery of the strategy. Phase One was to identify the purpose and qualities of the Foundation aligned with its charitable status, and phase two was to develop the strategy for the Group to 2030. The chart below shows the timeline for the strategy development.

Objectives and Activities (continued)

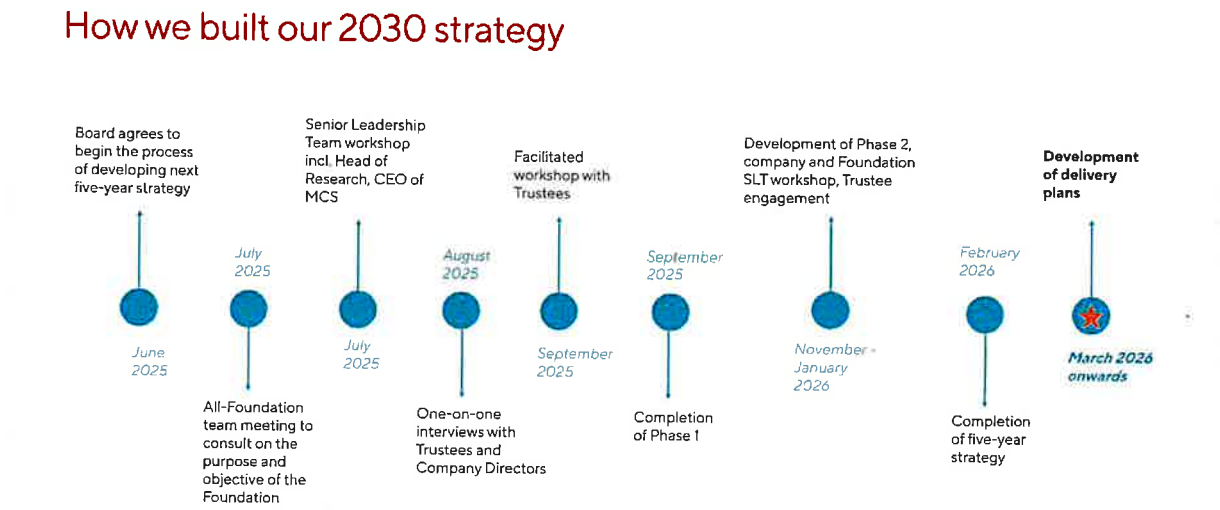


Fig 1: The timeline for the MCS Group strategy development

The process was highly consultative at all stages. All members of the Foundation participated; every Trustee and Company Board Director had one-on-one input and several workshops with the Senior Leadership Team and Trustees were undertaken. The consultation was undertaken with a professional facilitator, and the support of a highly experienced management consultant was used for the development of the strategy.

The outputs of this work were:

Vision

The MCS Foundation's vision was changed slightly to:

- ***That every UK home benefits from being carbon free.***

Specifically, to deliver to all UK homes comfortable, affordable decarbonised heating and cooling which is fit for the future.

Mission

The MCS Foundation's mission was changed to reflect the potential cooling needs and to be more specific about the ways in which it can achieve its vision:

- ***To transform the way our homes are heated, cooled and powered by reducing carbon and increasing electrification, energy efficiency and affordability.***

Specifically, the Foundation will create positive change by putting the householder at the centre of decision making and empowering people to make informed choices. It enables the decarbonisation of homes by removing (or reducing) emissions for the heating and cooling of homes.

Objectives and Activities (continued)

The Foundation's strengths

The Foundation's strengths and where it demonstrates leadership were identified:

- **The MCS Company**
  The MCS Scheme is successful, highly respected with a good record and has a well-recognised brand.
- **Data-driven approach**
  The Foundation's work is perceived to be data driven. Its research is trusted by many stakeholders and helps to shape decisions.
- **Wide reach**
  In a crowded market, the Foundation has demonstrated ability to cut through.
- **Charitable status**
  The Foundation is a charity, and this gives it value and impartiality. The MCS Company being owned by the Foundation, a charity, demonstrates that it works for public benefit.
- **Demonstration projects**
  The Foundation deliver significant demonstration projects that scale carbon reductions.

The Foundation's focus

Throughout the process there were many areas identified, risking a lack of focus. These were distilled into the following areas of focus:

- *The home*
  Solutions will facilitate better, more comfortable, healthier and more affordable homes to run.
- *The consumer*
  Consumer confidence is critical. Best in class certification is key to this.
  The Foundation will look at the home in total, not just how it is heated/cooled, but how it can be more efficient.
- *Technology and solutions*
  The Foundation will focus on domestic renewable technology and solutions, considering all technologies that can help to deliver carbon-free solutions.
- *Energy use in the home*
  How and when energy is used in the home will be considered where it can reduce costs and emissions.

Under the strategy, the core elements of the Group's work continue: running and growing the MCS Scheme to give confidence in 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.

Public Benefit Statement

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

Strategic Report

The Strategic Report sets out how The MCS Foundation has delivered against its charitable objectives during the year, within a rapidly evolving policy and economic environment. It provides an overview of the Foundation's strategic priorities, key activities, and achievements in advancing the uptake of small-scale renewable energy and low-carbon heating.

During the year, the Executive Team of The MCS Foundation focused on delivering the organisation's strategic objectives while ensuring strong operational performance, financial stewardship, and effective governance. Working closely with the Board of Trustees, the Executive provided leadership across programme delivery, policy and external affairs, communications and marketing, and organisational development, ensuring that resources were aligned to areas of greatest impact in supporting the transition to low-carbon heating and renewable energy. A key priority for the Executive has been maintaining organisational effectiveness during a period of significant growth and policy change. This has included strengthening internal structures, enhancing cross-team collaboration, and ensuring that appropriate systems and processes are in place to support delivery at scale. The Executive has also overseen the continued development of monitoring, evaluation, and learning frameworks to better understand and demonstrate the Foundation's impact, supporting evidence-based decision-making and continuous improvement.

Joint working between the Foundation and 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. This includes skills, external affairs, and MCS' facilitation of sector-wide technical working groups for the development and maintenance of standards. The Group and Service Company Chief Executives also work closely together in planning the activities of the Group and monitoring performance, supported by the Group Senior Leadership Team.

Financial management has remained a central focus, with the Executive ensuring robust budgeting, forecasting, and cost control processes in the context of economic uncertainty and inflationary pressures. This has been complemented by active management of income streams and funding relationships, supporting the Foundation's financial sustainability and ability to commit to multi-year programmes.

The Executive team have also prioritised investment in people and capability, recognising that delivery of the Foundation's objectives depends on attracting and retaining skilled staff. During the year, this has included targeted recruitment, organisational development initiatives, and a continued focus on staff wellbeing and performance.

In parallel, the Executive has supported and enabled the Foundation's growing external influence, ensuring alignment between programme delivery and policy engagement, and strengthening relationships with key stakeholders across government, industry, and the wider sector. This integrated approach has been critical in maximising the Foundation's impact and positioning it as a leading voice in the transition to net zero.

Strategic Report (continued)

Overall, the Executive team has ensured that the Foundation remains well-governed, financially resilient, and strategically focused, with the capacity and capability required to deliver its mission effectively both now and in the future.

External Affairs

The Foundation is helping to change the policy landscape and accelerate the decarbonisation of UK 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.

During 2025, the External Affairs Team played a central role in shaping the policy landscape for small-scale renewables and heat decarbonisation across the UK, delivering a number of significant advocacy outcomes. Most notably, the Boiler Upgrade Scheme (BUS) was extended to 2030, with the announcement made in November ahead of the Autumn Budget, following sustained engagement with government and coordinated campaigning alongside sector partners. This represents a major policy win, providing long-term certainty for the heat pump market, and was accompanied by a substantial additional funding commitment of £2.6 billion.

The Foundation's "Cut the Cost" campaign also achieved partial success, following two years of targeted lobbying to rebalance social and environmental levies away from electricity bills and into general taxation. As a result, some levies have been removed from electricity bills, reducing annual household electricity costs by approximately £150 and delivering an estimated £4.4 billion in aggregate savings for UK consumers each year, while improving the relative affordability of running heat pumps compared to gas boilers.

In June 2025, Secretary of State for Energy Security and Net Zero Ed Miliband announced the Future Homes Standard, a landmark policy development that aligns closely with the Foundation's long-standing advocacy objectives. The Standard will require new homes to be built without connections to the gas grid, rule out hydrogen for domestic heating, and establish heat pumps, heat networks, and heat batteries as the default technologies, alongside maximising on-site electricity generation. Importantly, this includes provisions for rooftop solar PV—an outcome strongly advocated for by the Foundation—effectively mandating solar installation on most new homes, subject to limited exemptions. Based on current housing targets, this could result in approximately 200,000 additional solar PV systems and heat pump installations annually.

The Foundation continues to engage with government on the detailed implementation of the Standard, particularly advocating for the inclusion of MCS standards for heat pump design and installation, building on their initial inclusion for battery storage in earlier consultations, and positioning this as a key priority for the next phase of policy development.

In parallel, the Clean Heat Market Mechanism was introduced on 1 April 2025, with MCS certification embedded at its core. This outcome followed extensive and sustained advocacy efforts by the Foundation working in close collaboration with industry partners, helping to secure the Scheme's implementation despite significant risk of delay or cancellation across successive administrations and ministerial changes. The team continues to engage with policymakers to ensure the mechanism operates effectively and to resist the introduction of any new levies on electricity that could undermine progress.

Strategic Report (continued)

The year also saw an expansion of the Foundation's public affairs capability, with the recruitment of a dedicated Public Affairs Manager in Scotland to strengthen engagement with devolved government and stakeholders. This has already enhanced the Foundation's influence in Scotland, including high-level political engagement such as a visit from the First Minister to the Foundation's stand at the SNP party conference, reflecting growing recognition of its leadership in the sector. Collectively, these activities demonstrate a highly effective External Affairs function delivering tangible policy impact in support of the Foundation's mission.

On all these topics, the Foundation advanced the case during the year through commissioning research, building evidence, and engaging with industry, academic and Non-Governmental Organisation sector specialists. It also works 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.

Communications and Marketing

Communications and Marketing was established as a stand-alone function in 2025, bringing in dedicated leadership to ensure the Foundation could continue to grow its profile and influence. Significant progress was made in 2025, with the Foundation generating a 40% increase in national media coverage year-on-year. Engagement across the website and social media continued to grow, with the Foundation consistently outperforming industry benchmarks with an 8% average engagement rate on its primary channel of LinkedIn.

New internal processes were put into place to improve ways of working, position communications as a strategic function and increase oversight of external engagements and activity. Ways of working between Foundation and Company communications teams improved, further aided by the creation of a Group Communications and Marketing Director position, to increase efficiency, alignment and minimise the reputational risk for both Foundation and Service Company.

Grant Funded Projects

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. In 2025 the Foundation delivered a range of workstreams to support achievement of its vision and mission.

During 2025, £586,574 was committed into the sector through grants to external organisations by the Foundation to support achievement of its vision. An evaluation of historic grants was completed by Insley Consulting and concluded that:

"The MCS Foundation's grants programme has made a substantial and distinctive contribution to the UK's transition toward low-carbon homes. Between 2014 and 2020, its funding had supported a diverse mix of research, advocacy, skills and community initiatives – many of which have produced results that extend well beyond their initial scope... The lessons emerging from this evaluation point clearly to what works: an engaged, expert funder providing flexible, early-stage investment that unlocks innovation and influence. The challenge now is to build on this success."

Strategic Report (continued)

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:

- 10 grants were awarded during the 2025 main grant call. Projects were selected from 122 applications and are delivering continued support for a range of organisations, developing the retrofit knowledge base through critical research and encouraging growth in the sector.

- Exeter City Council: On behalf of a partnership of local authorities and community energy organisation, the council launched a Retrofit Support Service which delivered 36 whole house plans and set up a Retrofit Advice Line facilitating engagement and action by residents.

- Generation C: Developed learning resources and education framework for teaching "The Electrification of the Domestic Built Environment", which was piloted in seven primary and secondary schools. The course demonstrated a 33% increase in pupil understanding of climate change and 25% increase pupils reporting an interest in 'green careers.' Generation C are now working with more schools to increase use of the framework.

- Heat Pump Association Ltd: Worked with Gemserv to produce updated forecasts for heat pump deployment and installer workforce requirements to 2035 which will enable the development of more effective strategies.

- National Retrofit Hub: Reviewed the scale and quality of what retrofit in the UK has been delivered, the methods used, and the stakeholders involved to determine key areas for intervention and improvement. In 2025 this was moved into a separate section we have described as "convening the sector" due to its particular focus and strategic value.

- NEC Digital Studio: Created a validated marketing persona resource detailing a set of retrofit customer types to help organisations develop more effective campaigns by better understanding customer needs surrounding retrofit.

- Stroud District Council: Built on Innovate to Renovate 'one-stop shop' model to test how low carbon communities can support the increase in private investment in retrofit, with a key learning being that access to information and support alone is not a strong enough lever to incentivise retrofit.

- WWF Scotland: Led a cross-party political advocacy campaign to strengthen Scotland's Heat in Buildings Bill, engaging Members of the Scottish Parliament, hosting policy briefings and public events, and influencing regulations to accelerate public adoption of renewable heat.

Strategic Report (continued)

"Convening the Sector" Grants

In 2025 the Foundation provided grant funding to the National Retrofit Hub and the UK Green Building Council.

National Retrofit Hub established the Warm Homes Plan expert panel which has completed its first round of sessions. Two new cross-cutting theme working groups were launched through this work: Community Retrofit and Financing Outcomes and Impact. In early 2026, further working groups will be launched on Procurement and Place-based approaches. From September to December, they have added 200+ contacts to their networks, seen 300 people at in-person panel events and made 28,500 LinkedIn impressions, with online resources accessed more than 30,000 times.

In the first quarter of their 2025 award, the UK Green Building Council continued to manage the Local Authority Retrofit Forum, which engaged with 29 local authorities across 8 regions. They also offered backrow support at 12 Local Area Retrofit Accelerator Pilot workshops. They have launched the Regenerative Places Programme which aims to catalyse place-based retrofit strategy activity. The programme will enhance local network capacity, strengthen resilience against future climate-related challenges, and deliver broad regenerative benefits to communities. The Foundation's grant enabled the programme to start and leverage further investment from Buro Happold, Clarion Housing Group, Hoare Lea, Lloyds Banking Group and Ridge.

Low Carbon Heating Technician Apprenticeship grants

The MCS Foundation continued its grants scheme intended to encourage take up of the Low Carbon Heating Technician Apprenticeship (LCHTA) with £10,000 grants for training providers and £2,000 grants for employers. Grants were used by employers for costs including training and equipment. Training providers used the grants for the purchase of equipment such as heat pumps, solar panels and scaffolding rigs as well as specialist staff training costs.

Local Area Retrofit Accelerator Pilot

The Local Area Retrofit Accelerator (LARA) Pilot is aiming to develop a process to ramp up retrofit activity within a locality by taking systems-based approach. The idea is that by co-designing a strategy with a range of stakeholders involved in retrofit within a locality a foundation for concerted progress on decarbonising homes can be created. A combination of strategy development and ongoing support from the Foundation can enable local stakeholders to collaborate and coordinate activity.

Over 40 delegates on average attended each workshop in the co-design stage of the Pilot, with representation from local authorities, combined authorities, social landlords, training providers, installers and community energy organisations. Hertfordshire, East Midlands Combined County and Surrey have now published their final, endorsed strategy. The Foundation is now supporting in the delivery of their strategies including through the provision of grants. Liverpool City Region will likely be finalised and published in July 2026.

The summative evaluation for the co-design stage has been completed and provides valuable information to help understand the Pilot's progress so far and next steps. Data was gathered through workshops and interviews from a range of participants and stakeholders to provide well evidenced conclusions.

Strategic Report (continued)

The value of the pilot and the Foundation's connections is highlighted by a range of organisations offering their pro-bono support during the Co-design workshops. Representatives from the Arup, Ashden, Deloitte, Efficiency North, Energy Saving Trust, Greater South East Net Zero Hub, HACT, Innovate UK, Lendology, Midlands Net Zero Hub, MCS Certified, National Retrofit Hub and the UK Green Building Council acted as table facilitators and provided expert advice to workshop participants.

External Funding

The Foundation convened a meeting of philanthropic foundations to raise awareness of our work, especially the Local Area Retrofit Accelerator Pilot, and to engage other charitable foundations in understanding the co-benefits of retrofit in meeting their own priorities. Research by the Foundation's Research Team on this topic was presented at the event, attended by representatives from eighteen organisations.

Additionally, the Foundation met with the Nationwide Foundation, Fusion 21, Hamlyn Foundation and the Co-operative Foundation to provide information on retrofit challenges and facilitate partnership working. The Foundation attended an event hosted by New Philanthropy Capital roundtable to discuss Fair Access to Green Jobs and the Green Alliance 2030 Strategy Launch and Association of Charitable Foundations annual conference.

Activity of the Service Company

2025 further marked the success of a strategy to restore and strengthen MCS following novation, representing a period of transformation and achievement. Over the six years since novation, MCS has firmly re-established itself as the UK's leading standards organisation for small-scale renewables. MCS has grown its certified installer base, broadened the scope of technology covered by the Scheme, achieved record installation numbers, and delivered a significant reengagement with key stakeholders, including UK Government and the energy regulator Ofgem.

The Scheme delivered an exceptional year of growth and performance in 2025, achieving record-breaking results across installations, capacity, and market engagement.

Most notably, total installations reached 369,203, representing a 34% increase on 2024 and marking the highest annual deployment in Scheme history. This sustained growth means that over a quarter of all installations delivered by the Scheme have occurred in the last two years alone, demonstrating strong and accelerating market demand.

All major technologies experienced record-breaking performance. Solar PV remained the dominant technology with over 267,000 installations, while battery storage saw the fastest growth, nearly doubling year-on-year. Heat pump deployment also reached a new high, continuing its upward trajectory despite a slower growth rate relative to other technologies.

The Scheme also achieved record installed capacity, with nearly 2GW delivered in 2025 alone and total Scheme capacity surpassing 10GW. This reflects the increasing scale and impact of small-scale renewable energy deployment across the UK.

Strategic Report (continued)

The installer base reached its largest size in Scheme history, growing to 5,617 certified businesses, with particularly strong expansion in battery storage and heat pump competencies. Installer activity also increased, with more active installers than any previous year supporting higher deployment volumes.

Market diversification was another key success. There was a significant rise in new build installations, alongside continued strength in retrofit, and increasing adoption of battery storage technologies. Importantly, the majority of installations (73%) were delivered without government incentives, demonstrating the growing maturity and commercial viability of the sector.

In addition to strong scheme performance, the Company delivered a strong programme of strategic and operational investment during the year, with a primary focus on the redevelopment of the installer certification Scheme (MCS:2025) representing a strengthened and more consistent compliance framework and enhanced consumer protections.

Significant milestones were achieved in support of scheme redevelopment, including the implementation of an electronic Installer Agreement and enhanced credit and compliance checks. In parallel, the Company provided substantial support to certification bodies to prepare for the redeveloped Scheme, alongside completing key elements of sector skills development and competency alignment. These investments have established a robust operational and regulatory foundation for the enhanced scheme.

Progress was also made in the Company's digitalisation agenda. The initial phase of the Customer Relationship Management (CRM) system was delivered, improving core operational capabilities and supporting installer and consumer engagement. This has informed a revised and more comprehensive systems modernisation programme to be delivered in 2026.

Overall, the Company achieved strong delivery against its primary objective of supporting scheme reform and strengthening quality assurance and consumer protection. This required a deliberate reallocation of resources, resulting in the deferral of some longer-term strategic initiatives, which remain under consideration for future periods.

Achievements and Performance

During the year, the Foundation achieved the following;

- Contributed to a record year for small-scale renewables, with strong growth in certified installations of solar PV, battery storage, and heat pumps, reflecting increased consumer demand and market confidence.

- Influenced major policy outcomes, including the extension of the Boiler Upgrade Scheme to 2030 with additional funding, providing long-term certainty for heat pump deployment and the wider sector.

- Supported progress on key net-zero policies, including clean heat incentives and electricity market reform, improving the affordability and accessibility of low-carbon technologies.

Strategic Report (continued)

- Delivered high-impact advocacy and evidence-based research, strengthening the case for decarbonising homes and reducing the cost of clean energy for consumers.
- Continued to deploy grant funding at scale, supporting innovative projects and research to accelerate the uptake of renewable energy and low-carbon heating.
- Strengthened organisational leadership and governance, including senior appointments and Board development, positioning the Foundation for continued growth and impact.
- Enhanced its position as a trusted, independent voice in the sector, engaging effectively with policymakers, industry, and stakeholders to drive systemic change.

Financial Review

a) Financial Review Summary

During the year the Foundation's income amounted to £11,915,102 (2024: £8,769,809). The majority of the income related to trading income from the subsidiary of £11,659,703 (2024: £8,616,242). The remainder being income of £155,399 (2024: £153,567) from the investments held, and £100,000 grant funding received during the year (2024: Nil).

The costs of the Foundation for the year amounted to £9,971,314 (2024: £8,182,833). £2,590,600 (2024: £1,819,473) of expenditure incurred related to costs incurred directly through the Foundation in the delivery of charitable objects. £7,345,365 (2024: £6,328,581) related to trading costs of The MCS Service Company Limited which also advanced delivery of the Foundation's objects around standards.

At 31 December 2025 the Foundation held £5,137,060 (2024: £4,842,940) in investments which includes £50,000 of shares invested in Low Carbon Hub IPS. During the year, the charity recognised an impairment of £25,000 in respect of its investment in shares held in the People Powered Retrofit scheme. This investment had been held at its original cost of £25,000 at the prior year end and, following a review by the trustees, has been fully written down in the current year.

The Foundation's cash position at the year-end was £7,589,511 (2024: £5,330,495). The trustees are satisfied that the charity maintains adequate liquidity, with funds held in bank accounts with reputable institutions to meet its operational needs across the group.

The Foundation made a surplus for the year of £2,142,786 (2024: £477,264), after taking into account investment gains of £223,998 (2024: investment losses of £109,712) and impairment losses of £25,000 recognised during the year (2024: Nil).

The Foundation's total funds at the year-end amounted to £12,208,837 (2024: £10,066,051).

The significant sum received from The Department for Business, Energy and Industrial Strategy ("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 2025 the Foundation made a surplus, building the fund available to support the delivery of the Foundation's work in the coming years.

Strategic Report (continued)

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	2025 £000	2024 £000
Investments	5,137	4,843
Cash and short-term deposits	7,590	5,330
Exclusions*	(50)	(75)
Total	12,677	10,098

**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 2025 was £12.6m, which represents 10 months of budgeted cash outflows for 2026. All funds held at the year-end are unrestricted. During the year, the Foundation received grant income of £100,000, which was fully expended within the reporting period in accordance with the terms of the grant. A negative balance of £6,000 is carried forward against this fund, representing timing differences in expenditure recognition, and is expected to be offset against the final grant claim in 2026.

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 have designated certain unrestricted funds to be set aside for specific purposes in order to support the future activities of the Foundation. These designations do not represent legal restrictions but reflect the trustees planned use of available resources.

Strategic Report (continued)

At the year end, designated funds totalled £2,541,763 (2024: £2,314,475) and were allocated as follows:

£2,000,000 for The Local Area Retrofit Accelerator (LARA) initiative.

£541,763 for grants approved awaiting milestone delivery.

During the year, the trustees reviewed the level and purpose of designated funds to ensure they remain appropriate in light of the Foundation's operational requirements and financial position.

The Group is budgeting to spend on average £1.175k cash per month during 2026, a total in the region of £14.1m for the year.

c) Principal Funding

The Foundation's principal funding is the transfer of £6,649,610 received from BEIS, as well as the 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 MCS Service Company Ltd.

d) Fundraising Policy

The Trustees take their responsibility under Charities (Protection and Social Investment) Act 2016 seriously and have considered the implications on their activities. The Foundation has not to date engaged in 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 Rathbone Greenbank (£4 million was invested).

The Board of Trustees has reviewed and 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 prior 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 2025, the market value of listed investments held amounted to £5,087,060 (2024: £4,767,940). During the year the listed investments yielded investment income of £146,483 (2024: £151,085) and unrealised investment capital gains of £223,998 (2024: Investment losses of £109,712).

Strategic Report (continued)

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. 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 considered to reduce risk. To date, two such investments have been made totalling £75,000 (2024: £75,000), with one investment having been impaired during the period following an assessment of its recoverable amount. Further potential projects will be reviewed as and when they are put forward by Ethex.

Plans for the Future

In 2026, the Foundation will have completed its strategy development and be focused on creating a method for implementing it. The Foundation will look to ensure it is appropriately resourced to support this. The Foundation's brand will be reviewed to ensure it is fit for purpose to support the delivery of the strategy.

Our strategy is outlined below in our one-page summary.

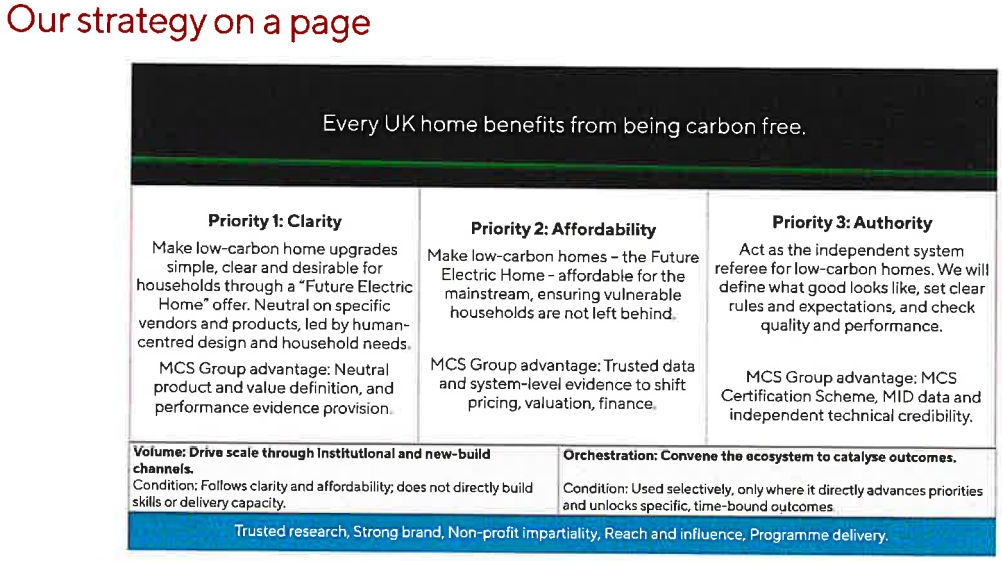


Fig 2: The MCS Foundation's Strategy on a Page

Strategic Report (continued)

Service Company Plans for 2026

Looking ahead to 2026, the Company will further build on the strong progress made in recent years and its re-established position at the centre of the UK's small-scale renewables sector. The strategic focus for the next few years is to evolve into a fully digital, data-driven and consumer-centric scheme, strengthening trust, enhancing quality assurance, and supporting the continued transition to low-carbon homes.

A key priority for 2026 will be the successful delivery and embedding of the redeveloped installer scheme (MCS:2025). This will include strengthening consumer protection arrangements, enhancing compliance oversight, and increasing the level of site-based assessments undertaken by the Company. These developments are set against a broader backdrop of heightened scrutiny of quality and consumer protection across the retrofit sector, particularly in relation to insulation measures delivered under the Energy Company Obligation (ECO4) scheme. While insulation is outside the scope of MCS, these wider market developments have led to increased expectations from both government and consumers regarding the robustness of quality assurance and consumer protection frameworks, which the redeveloped installer Scheme is designed to address.

The Company will also accelerate its digital transformation programme. This includes the modernisation of core systems, most notably the redevelopment of the MCS Installations Database (MID), alongside further development of its customer relationship management platform to integrate operational processes such as complaints handling and consumer engagement. In parallel, the Company will invest in improved data integration and analytics capability to support more proactive, risk-based monitoring of installer performance.

A stronger consumer focus will underpin delivery in 2026, with a shift towards engagement across the full customer journey, from pre-installation through to post-installation support. This will be supported by enhanced communication, improved complaint handling processes, and greater transparency, with the aim of increasing consumer confidence and satisfaction.

The Company will also prioritise the continued development of technical standards and product assurance. This includes planned updates to existing standards, the introduction of new standards in emerging areas such as battery storage, and to commence a comprehensive review of the MCS product certification scheme to ensure it remains robust, relevant and aligned with market needs.

To support these ambitions, the Company will invest in organisational capability and capacity, including targeted recruitment, strengthening leadership and succession planning, and enhancing internal programme delivery and operational resilience.

Overall, the 2026 plan is focused on balancing continued market growth with the delivery of consistent quality, ensuring that the Scheme remains trusted, effective and fit for the future.

Strategic Report (continued)

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 service company's transactions and disclose with reasonable accuracy with any time the financial position of the charitable service 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 service 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.

Strategic Report (continued)

Auditors

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

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

..... Mary Black 18th June 26

Mary Black
Chair, Board of Trustees

Independent auditor's report to the Members and Trustees of MCS Charitable Foundation For the year ended 31 December 2025

Opinion

We have audited the financial statements of MCS Charitable Foundation (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2025 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 significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the group and the parent charitable company as at 31 December 2025 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, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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 or the 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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Annual Report which includes the Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report which includes the Directors' Report and the Strategic Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report and Strategic Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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 set out on 19, the trustees (who are also the directors of the parent 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.

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 under the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under those Acts.

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, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and guidance issued by the Charity Commission for England and Wales and the Office of the Scottish Charity Regulator.

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.

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, and to the parent charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the parent charitable company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent charitable company, the parent charitable company's members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

.....

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

71 Queen Victoria Street
London
EC4V 4BE

Statutory Auditors

Date: 18 June 2026

Saffery LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

MCS Charitable Foundation

Consolidated statement of financial activities (including the income and expenditure account)
For the year ended 31 December 2025

	Notes	2025 Unrestricted funds £	2025 Restricted funds £	2025 Total £	2024 Unrestricted funds £
Income from:					
Other trading activities	3	11,659,703	-	11,659,703	8,616,242
Charitable activities	4	-	100,000	100,000	-
Investments	5	155,399	-	155,399	153,567
Total income		11,815,102	100,000	11,915,102	8,769,809
Expenditure on:					
Raising funds:					
Other trading activities	3	7,345,365	-	7,345,365	6,328,581
Fundraising activities	6	35,349	-	35,349	34,779
Charitable activities:	7	2,484,600	106,000	2,590,600	1,819,473
Total expenditure		9,865,314	106,000	9,971,314	8,182,833
Net income/(expenditure) before investment movement		1,949,788	(6,000)	1,943,788	586,976
Net gains/(losses) on investments	13	198,998	-	198,998	(109,712)
Net income/(expenditure) and movement in funds		2,148,786	(6,000)	2,142,786	477,264
Reconciliation of funds:					
Total funds brought forward		10,066,051	-	10,066,051	9,588,787
Total funds carried forward	16/17	12,214,837	(6,000)	12,208,837	10,066,051

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 2025

	Notes	2025 £	2025 £	2024 £	2024 £
Fixed assets					
Tangible assets	12		139,916		208,090
Investments	13		5,137,060		4,842,940
			5,276,976		5,051,030
Current assets					
Debtors	14	851,161		959,515	
Cash at bank and in hand		6,980,498		4,735,819	
Cash held in current asset investment		609,013		594,676	
		8,440,672		6,290,010	
Creditors: amounts falling due within one year	15	(1,428,811)		(1,214,989)	
Net current assets			7,011,861		5,075,021
Total assets less current liabilities			12,288,837		10,126,051
Creditors: amounts falling due within one year					
Provisions for liabilities	19	(80,000)		(60,000)	
			(80,000)		(60,000)
Net assets			12,208,837		10,066,051
Funds					
Unrestricted funds:					
General fund	16	9,673,074		7,751,576	
Designated funds	16	2,541,763		2,314,475	
			12,214,837		10,066,051
Restricted funds	17		(6,000)		-
Total funds			12,208,837		10,066,051

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

..... Mary Black 18th June 26

Mary Black
Chair and Trustee
Company Registration No. 10119873

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

MCS Charitable Foundation

Charity balance sheet as at 31 December 2025

	Notes	2025 £	2025 £	2024 £	2024 £
Fixed assets					
Tangible assets	12		16,374		11,243
Investments	13		5,137,060		4,842,940
			5,153,434		4,854,183
Current assets					
Debtors	14	118,905		52,909	
Cash at bank and in hand		1,516,920		1,680,785	
Cash held in current asset investment		609,013		594,676	
		2,244,838		2,328,370	
Creditors: amounts falling due within one year	15	(110,336)		(77,201)	
Net current assets			2,134,502		2,251,169
Total assets less current liabilities			7,287,936		7,105,352
Net assets			7,287,936		7,105,352
Funds					
Unrestricted funds:					
General fund	16	4,752,173		4,790,877	
Designated funds	16	2,541,763		2,314,475	
			7,293,936		7,105,352
Restricted funds	17		(6,000)		-
Total funds			7,287,936		7,105,352

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 £182,584 (2024: £1,151,617).

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

.....

Mary Black
Chair and Trustee
Company Registration No. 10119873

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 2025

	Notes	2025 £	2025 £	2024 £	2024 £
Cashflow from operating activities					
Net cash flow provided by operating activities	22		2,209,411		751,556
Cashflow from investing activities					
Purchase of tangible fixed assets		(10,672)		(65,750)	
Proceeds from disposal of tangible fixed assets		-		1,820	
Purchase of investments		(700,338)		(1,439,555)	
Proceeds on disposal of investments		605,216		1,329,940	
Income received from investments		155,399		153,567	
Net cash generated used in investing activities			49,605		(19,978)
Net increase in cash and cash equivalents			2,259,016		731,578
Cash and cash equivalents at beginning of year			5,330,495		4,598,917
Cash and cash equivalents at end of year			7,589,511		5,330,495
Relating to:					
Cash held in bank			6,980,498		4,735,819
Cash held in current asset investment			609,013		594,676
			7,589,511		5,330,495

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

1 Accounting policies

Company information

MCS Charitable Foundation is a charity incorporated as a company limited by guarantee in England and Wales. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The registered office is First Floor Violet 3 Sci-Tech Daresbury, Keckwick Lane, Warrington, Cheshire, England, WA4 4AB.

1.1 Accounting convention

These financial statements have been prepared in accordance with the Companies Act 2006 and the second edition of the Charities SORP (FRS 102), Accounting and Reporting by Charities, which supplements FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 2025.

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 £6,980,498 as at 31 December 2025. 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.

1.4 Restricted funds

Restricted funds are available for use only in relation to the specific purpose in which the fund is created for, normally to meet grant requirements.

1.5 Income

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

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

1 Accounting policies (continued)

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

1.6 Expenditure

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

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

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

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

1.7 Tangible fixed assets

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

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

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

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

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

1.8 Impairment of fixed assets

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

1 Accounting policies (continued)

1.9 Investments

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

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

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

1.11 Employee benefits

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

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

1 Accounting policies (continued)

1.12 Retirement benefits

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

1.13 Operating leases

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

1.14 Taxation

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010. It therefore meets the definition of a charitable company for UK corporation tax purposes and consequently no provision has been made for either corporation tax or deferred tax.

2 Critical accounting judgements and key sources of estimation uncertainty

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

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

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

Investments

The accounting policies for investments and mixed motive investments are disclosed in note 1.8.

Management undertook their annual impairment review on the mixed motive shares held. At 31 December 2025, the shares held in People Powered Retrofit were fully impaired.

3 Income and expenditure from other trading activities

	2025 £	2024 £
Service Company turnover	11,546,978	8,561,627
Service Company other operating income	112,725	54,615
Income from other trading activities	11,659,703	8,616,242
Service Company administrative expenses	(7,530,898)	(6,471,896)
Group management charges eliminated	185,533	143,115
Expenditure on other trading activities	(7,345,365)	(6,328,581)
Net income from other trading activities	4,314,338	2,287,661

MCS Charitable Foundation has 100% control of The MCS Service Company Ltd (company registration no. 07759366), a company limited 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 2025.

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 2025 is as follows:

	2025 £	2024 £
Turnover	11,546,978	8,561,627
Administrative expenses	(7,530,898)	(6,471,896)
Other operating income	112,725	54,615
Profit/(loss) before taxation	4,128,805	2,144,346
Gift aid payment to MCS Charitable Foundation	(2,168,603)	(2,818,699)
Net profit/(loss) for the year	1,960,202	(674,353)
Fixed assets	123,545	196,850
Current assets	6,195,834	3,965,123
Current liabilities	(1,318,476)	(1,141,272)
Provisions for liabilities	(80,000)	(60,000)
Net assets	4,920,903	2,960,701

4 Income from charitable activities

	Group 2025 £	2024 £
Government grant	100,000	-
	100,000	-

Government grant income relates wholly to a grant received by the charity foundation, issued by the Cambridgeshire and Peterborough Combined Authority.

5 Income from Investments

	Group 2025 £	2024 £
Dividends from investments	146,483	151,085
Bank interest received	8,916	2,482
	155,399	153,567

6 Cost of generating funds

	Group 2025 £	2024 £
Investment manager fees	35,349	34,779

7 Expenditure on charitable activities

	Group 2025 £	2024 £
Project management and delivery costs*	640,949	557,951
Support costs		
Staff costs	1,107,552	658,850
Travel costs	95,400	66,147
Accountancy fees	5,340	7,140
Legal fees	3,590	18,762
Other costs	494,582	364,008
Governance costs		
Trustees' expenses	13,342	11,246
Legal fees	-	25,435
Consultancy costs	25,472	1,885
Audit fees**	12,938	12,656
Other costs		
Consultancy costs	191,435	95,393
	2,590,600	1,819,473

*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	2025 Grants £	2025 Programmes £	2024 Grants £	2024 Programmes £
Development and Policy				
Political advocacy on low-carbon heat in Scotland *(WWF UK)*	-	-	29,745	-
Retrofit system map *(Dark Matter Laboratories Ltd)*	-	-	-	22,320
Accelerating place-based retrofit using personas *(NEC digital studio)*	39,825	-	-	-
Community Capacity Building				
Zero Carbon Parish Planning Tool *(Westminster City Council)*	-	-	16,830	-
Big Solar Coop *(Sharenergy Cooperative)*	-	-	15,600	-
Research and Consumer Information				
Property Linked Finance *(Green Finance Institute)*	-	-	15,000	-
Heat Pump Installer and Deployment Analysis *(Heat Pump Association)*	-	-	30,000	-
A new not-for-profit focus on creating an enabling environment for the electrification of heat *(Subak)*	-	-	50,000	-
GetAHeatPump website *(NESTA)*	-	-	-	26,100
AG skills project *(Aldersgate Limited)*		15,000	-	-
What is Retrofit Anyway *(Public First Limited)*		39,600	-	-

7 Expenditure on charitable activities (continued)

	2025		2024	
	Grants £	Programmes £	Grants £	Programmes £
Skills and Education				
Green Apprenticeships Research 2023/24 *(Shift Insight Limited)*	-	-	-	16,014
Green Education Program Learning Resources covering one academic term *(Generation C)*	43,650	-	14,550	-
Net Zero Future Leaders Programme 2024-2025 *(Future Leaders Programme)*	40,000	-	-	-
LCHTA - Training Provider *(Barnsley College)*	10,000	-	-	-
LCHTA - Training Provider *(The Spark Group)*	10,000	-	-	-
LCHTA - Training Provider *(The Matrix Academy)*	10,000	-	-	-
Study of attitudes to becoming a heat pump engineer trainer *(Shift Insight Limited)*	-	28,845	-	-
Mass Scale Retrofit				
Retrofit Support Service *(Exeter City Council / Devon County Council)*	20,200	-	35,000	-
Retrofit Supply Chain Pilot *(Carbon Coop - The Society for the Reduction of Carbon Limited and Manchester City Council)*	20,000	-	-	-
Integrating Skills and Competency in Green / Retrofit through new learning pathways *(Neath Port Talbot council)*	-	-	16,250	-
Retrofit Somerset *(Somerset Climate Action Group)*	-	-	10,000	-
Low Carbon Communities *(Stroud District Council)*	10,000	-	20,000	-
MSR Programme *(UK Green Building Council)*	-	-	26,000	-
EPC Reform *(National Retrofit Hub)*	-	-	37,500	
Local Area Retrofit Accelerator, as part of the UKGBC Regenerative Places Programme *(UK Green Buidling Council)*	15,000	-	42,000	-
LARA - *Facilitation service (The Collaborate LCIC)*		130,303		69,700
LARA system map *(CAG Consultants)*	-	-	-	20,942
National Retrofit Hub - Core Funding *(National Retrofit Hub)*	12,500	-	-	-
Regenerative Places Programme *(UKGBC)*	15,100	-	-	-
Decarbonising Homes				
Heat in Buildings Bill Campaign - Strategic Communications Support *(Existing Homes Alliance)*	14,350	-	-	-
Mandatory Building Reserve Funds *(Under One Roof Scotland)*	20,750	-	-	-
Core funding *(National Retrofit Hub)*	25,000	-	-	-
Driving updatke of retrofit in PRS via Lambeth's selective licencing database *(London South Bank University)*	12,500	-	-	-
London, Surrey and Herfordshire Retrofit Careers Pathways *(Good People)*	12,500	-	-	-
Design thinking for relational retrofit *(The University of York)*	20,000	-	-	-
Place-based Retrofit *(Sustainable Development Foundation - National Retrofit Hub)*	17,265	-	-	-
Other grants and programmes (awards under £10,000)	25,900	13,300	19,238	25,153
	394,540	225,028	377,713	180,238
	619,568		**557,951**	

8 Net income/(expenditure) for the year

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

	2025 £	2024 £
Audit fees	28,750	27,650
Depreciation	78,846	71,995

9 Auditor's remuneration

	2025 £	2024 £
Fees payable to the charity's auditor for the audit of the charity's annual accounts	10,600	10,300
Fees payable to the charity's auditor for other services:		
Audit of the charity's subsidiary	18,150	17,350
Accounts preparation	6,700	6,450
Taxation compliance services	1,750	1,675
	37,200	35,775

10 Trustees' and key management personnel remuneration and expenses

The trustees neither received nor waived any remuneration during the year ended 31 December 2025 (2024: £Nil).

The aggregate remuneration to key management personnel for services to the foundation amounted to £637,581 (2024: £462,993).

Trustees' expenses were reimbursed or paid directly on their behalf during the year for travel, hotels and subsistence to eight (2024: five) trustees amounting to £13,342 (2024: £11,246).

11 Employees

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

	Group 2025 Number	2024 Number
	93	76

The total staff costs and employee benefits were as follows:

	Group 2025 £	2024 £
Wages and salaries	4,160,376	3,194,683
Social security costs	542,554	361,665
Other pension costs	326,900	253,397
	5,029,830	3,809,745

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 2025 Number	2024 Number
£60,001 - £70,000	5	7
£70,001 - £80,000	2	-
£80,001 - £90,000	2	3
£90,001 - £100,000	1	-
£100,001 - £110,000	2	-
£120,001 - £130,000	1	1
£130,001 - £140,000	1	1

The group made termination payments totalling £25,487 (2024: £33,851) in the period in respect of 1 (2024: 2) employees.

12 Tangible fixed assets

Group	Leasehold improvements £	Plant and equipment £	Office equipment £	Computer equipment £	Total £
Cost					
At 1 January 2025	214,920	9,400	27,629	112,391	364,340
Additions	-	-	-	10,672	10,672
At 31 December 2025	214,920	9,400	27,629	123,063	375,012
Depreciation					
At 1 January 2025	98,705	3,721	11,233	42,591	156,250
Charge for the year	42,985	2,350	5,525	27,986	78,846
At 31 December 2025	141,690	6,071	16,758	70,577	235,096
Net book value					
At 31 December 2025	73,230	3,329	10,871	52,486	139,916
At 31 December 2024	116,215	5,679	16,396	69,800	208,090

Charity	Computer equipment £
Cost	
At 1 January 2025	14,043
Additions	10,672
At 31 December 2025	24,715
Depreciation	
At 1 January 2025	2,800
Charge for the year	5,541
At 31 December 2025	8,341
Net book value	
At 31 December 2025	16,374
At 31 December 2024	11,243

13 Fixed asset investments (Group and Charity)

	2025 £	2024 £
Listed investments	5,087,060	4,767,940
Mixed motive investments*	50,000	75,000
	5,137,060	4,842,940

	Mixed motive investments £	Listed investments £	Total £
Valuation			
At 1 January 2025	75,000	4,767,940	4,842,940
Additions	-	700,338	700,338
Disposals	-	(605,216)	(605,216)
Gain on revaluation	-	223,998	223,998
Impairment	(25,000)	-	(25,000)
At 31 December 2025	50,000	5,087,060	5,137,060

* The mixed motive investment consists of shares purchased in Low Carbon Hub IPS and People Powered Retrofit. The shares in People Powered Retrofit were fully impaired at the the balance sheet date.

Listed investments at fair value comprise:

	2025 £	2024 £
Fixed interest	1,998,147	1,865,759
UK equities	792,883	1,127,957
Overseas equities	1,794,537	1,218,800
Alternatives	465,813	492,166
Cash within investment portfolio	35,680	63,258
	5,087,060	4,767,940

The charity also holds an investment in its subsidiary undertaking, The MCS Service Company Ltd, at a value of £nil (2024 - £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*	
Amounts falling due within one year:	2025 £	2024 £	2025 £	2024 £
Trade debtors	370,279	554,469	-	-
Other debtors	51,990	30,638	13,619	-
Prepayments and accrued income	428,892	374,407	105,286	52,909
	851,161	959,515	118,905	52,909

15 Creditors: amounts falling due within one year

	Group		Charity	
	2025 £	2024 £	2025 £	2024 £
Trade creditors	172,837	182,059	41,722	29,369
Amounts due to subsidiary undertakings	-	-	-	3,491
Other taxation and social security	606,536	466,188	34,805	18,678
Other creditors	81,611	52,210	-	-
Accruals and deferred income*	567,827	514,533	33,809	25,663
	1,428,811	1,214,989	110,336	77,201

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

	Group	
	2025 £	2024 £
Deferred income		
At 1 January 2025	416,340	154,575
Released in the year	(416,340)	(154,575)
Deferred in the year	461,415	416,340
At 31 December 2025	461,415	416,340

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

16 Unrestricted fund reconciliation

Movement in unrestricted funds (Group)

	At 1 January 2025 £	Incoming resources £	Outgoing resources £	Transfers/Gains/ Impairments £	At 31 December 2025 £
Unrestricted funds	7,751,576	11,815,102	(9,470,774)	(422,830)	9,673,074
Designated funds:					
Local Area Retrofit Accelerator	2,000,000	-	-	-	2,000,000
Grants awarded not paid	314,475	-	(394,540)	621,828	541,763
	10,066,051	11,815,102	(9,865,314)	198,998	12,214,837

	At 1 January 2024 £	Incoming resources £	Outgoing resources £	Transfers/ Gains £	At 31 December 2024 £
Unrestricted funds	9,588,787	8,769,809	(8,182,833)	(2,424,187)	7,751,576
Designated funds:					
Local Area Retrofit Accelerator	-	-	-	2,000,000	2,000,000
Grants awarded not paid	-	-	-	314,475	314,475
	9,588,787	8,769,809	(8,182,833)	(109,712)	10,066,051

16 Unrestricted fund reconciliation (continued)

Movement in unrestricted funds (Charity)

	At 1 January 2025 £	Incoming resources £	Outgoing resources £	Transfers/Gains/ Impairments £	At 31 December 2025 £
Unrestricted funds	4,790,877	2,509,535	(2,125,409)	(422,830)	4,752,173
Designated funds:					
Local Area Retrofit Accelerator	2,000,000	-	-	-	2,000,000
Grants awarded not paid	314,475	-	(394,540)	621,828	541,763
	7,105,352	2,509,535	(2,519,949)	198,998	7,293,936

	At 1 January 2024 £	Incoming resources £	Outgoing resources £	Transfers/ Gains £	At 31 December 2024 £
Unrestricted funds	5,953,735	3,115,581	(1,854,251)	(2,424,187)	4,790,877
Designated funds:					
Local Area Retrofit Accelerator	-	-	-	2,000,000	2,000,000
Grants awarded not paid	-	-	-	314,475	314,475
	5,953,735	3,115,581	(1,854,251)	(109,712)	7,105,352

The Unrestricted Funds are amounts used for funding the Group's grant making and operational outflows.

The Local Area Retrofit Accelator designated fund is an amount set aside for the the development of a process to increase retrofit activity within a locality in relation to decarbonising homes.

The Grants Awarded Not Paid designated fund represents amounts for grants that have been approved to the Foundation but not yet achieved milestone delivery.

The designated Local Area Retrofit Accelerator reserve remains unchanged during the year as the related activity has not yet commenced. Trustees continue to hold these funds to support planned future expenditure in line with the foundation's strategic objectives.

17 Restricted fund reconciliation

Movement in restricted funds (Group and charity)

	At 1 January 2025 £	Incoming resources £	Outgoing resources £	Transfers/Gains/ Impairments £	At 31 December 2025 £
Local Area Retrofit Accelerator	-	100,000	(106,000)	-	(6,000)
	-	100,000	(106,000)	-	(6,000)

The Local Area Retrofit Accelerator fund supports the development of processes to increase retrofit activity within a locality, contributing to the decarbonisation of homes.

The negative balance carried forward is due to timing differences in expenditure recognition and is expected to be offset against the final grant claim in 2026.

18 Net assets by funds (Group)

At 31 December 2025	General funds	Designated funds	Restricted funds	Total funds
	£	£	£	£
Tangible fixed assets	139,916	-	-	139,916
Investments	2,595,297	2,541,763	-	5,137,060
Current assets	8,446,672	-	(6,000)	8,440,672
Creditors: amounts falling due in less than one year	(1,428,811)	-	-	(1,428,811)
Provisions for liabilities	(80,000)	-	-	(80,000)
Net assets	9,673,074	2,541,763	(6,000)	12,208,837

At 31 December 2024	General funds	Designated funds	Restricted funds	Total funds
	£	£	£	£
Tangible fixed assets	208,090	-	-	208,090
Investments	2,528,465	2,314,475	-	4,842,940
Current assets	6,290,010	-	-	6,290,010
Creditors: amounts falling due in less than one year	(1,214,989)	-	-	(1,214,989)
Provisions for liabilities	(60,000)	-	-	(60,000)
Net assets	7,751,576	2,314,475	-	10,066,051

Charity

At 31 December 2025	General funds	Designated funds	Restricted funds	Total funds
	£	£	£	£
Tangible fixed assets	16,374	-	-	16,374
Investments	2,595,297	2,541,763	-	5,137,060
Current assets	2,250,838	-	(6,000)	2,244,838
Creditors: amounts falling due in less than one year	(110,336)	-	-	(110,336)
Net assets	4,752,173	2,541,763	(6,000)	7,287,936

At 31 December 2024	General funds	Designated funds	Restricted funds	Total funds
	£	£	£	£
Tangible fixed assets	11,243	-	-	11,243
Investments	2,528,465	2,314,475	-	4,842,940
Current assets	2,328,370	-	-	2,328,370
Creditors: amounts falling due in less than one year	(77,201)	-	-	(77,201)
Net assets	4,790,877	2,314,475	-	7,105,352

19 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:

	2025	2024
	£	£
Within one year	148,737	120,742
Between two and five years	113,771	212,515
	262,508	333,257

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

20 Provisions (Group)

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

	2025 £	2024 £
Dilapidations	80,000	60,000
	80,000	60,000

Movements on provisions:

	Dilapidations £
At 1 January 2025	60,000
Additional provisions in the year	20,000
At 31 December 2025	80,000

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

21 Related party transactions

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

-The Charity paid £127,725 (2024: £50,447) to The MCS Service Company Ltd for project management and delivery costs.
-The Charity recharged £200,325 (2024: £141,027) of expenses to The MCS Service Company Ltd.
-The MCS Service Company Ltd made a donation of £2,168,603 (2024: £2,818,699) to the Charity under Gift Aid.

At the year end, the Charity owed The MCS Service Company Ltd £nil (2024: £3,491)

During the year, £nil (2024: £90,000) was paid to Solar Trade Association for whom former trustee Gareth Williams is a Director. As at 31 December 2025 there were no balances outstanding and the amounts paid/received in the financial year were on an arms length basis.

During the year, the charity made grant payments totalling £37,500 (2024: £37,500) to National Retrofit Hub, for whom trustee David Pinder is a Director. The trustee played no part in the decision-making process regarding the award of these grants, which were approved in accordance with the charity's normal grant-making procedures and conflict of interest policy. The trustees are satisfied that the grants were made on an arm's length basis and in furtherance of the charity's charitable objectives. At the year end, the balance outstanding in respect of grants payable to National Retrofit Hub was £Nil (2024: £12,500).

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

	Group 2025 £	2024 £
Net income for the reporting period (as per the statement of financial activities)	2,142,786	477,264
Adjustments for:		
Investment income	(155,399)	(153,567)
(Gains)/losses on investments	(198,998)	109,712
Depreciation and impairment of tangible fixed assets	78,846	71,995
Movements in working capital:		
Decrease in debtors	108,354	154,172
Increase in creditors	213,822	91,980
Increase in provisions	20,000	-
Net cash flow from operating activities	2,209,411	751,556