

THE FARADAY INSTITUTION

England & Wales · Charity number 1176500

Details

Status	Registered
Legal form	Charitable company
Company number	10959095
Registered	2018-01-03
Register	View on the Charity Commission register

Contact

Address	Quad One Becquerel Avenue Harwell Campus Didcot OX11 0RA
Phone	01235425300
Email	finance@faraday.ac.uk
Website	www.faraday.ac.uk

Activities

Objects: THE OBJECTS OF THE CHARITY ARE RESTRICTED TO THE ADVANCEMENT OF SCIENCE AND EDUCATION AND THE ADVANCEMENT OF ENVIRONMENTAL PROTECTION OR IMPROVEMENT FOR THE PUBLIC BENEFIT BY ENGAGING IN, ENCOURAGING, SUPPORTING AND EXPLOITING, BY WHATEVER MEANS, HIGH-QUALITY RESEARCH, AND RELATED TRAINING AND POLICY ADVICE, IN ENERGY CAPTURE, CONVERSION AND STORAGE, WITH A VIEW TO SECURING OUTCOMES WHICH WILL ADD TO SCIENTIFIC KNOWLEDGE, DELIVER ENVIRONMENTAL BENEFITS IN TERMS OF DECARBONISATION AND IMPROVED AIR QUALITY AND BENEFIT THE LIFE, HEALTH AND WELL-BEING OF HUMANKIND.

Activities: Research, training and policy advice in the fields of energy capture, conversion and storage.

Classification

- **How:** Makes Grants To Individuals, Makes Grants To Organisations, Provides Advocacy/advice/information, Sponsors Or Undertakes Research
- **What:** Education/training, Arts/culture/heritage/science, Environment/conservation/heritage
- **Who:** The General Public/mankind

Geography

- Northern Ireland
- Scotland
- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£33,283,836	£32,921,633	£885,275	26
2024-03-31	£28,963,257	£32,873,475	£523,072	25
2023-03-31	£34,541,518	£33,271,677	£4,433,290	22
2022-03-31	£30,222,982	£28,424,478	£3,163,449	18
2021-03-31	£24,330,374	£26,451,343	£1,364,946	13

Trustees

Name	Role	Appointed
Dr Esther Taylor		2022-02-11
Dr Steven Charles Cowley		2024-04-24
Dr Venkat Srinivasan		2023-07-03
Hanno Kirner		2022-02-11
Isobel Sheldon OBE		2021-03-15
Mark Christopher Newman		2021-03-15
Professor Dame Lynn Gladden		2023-07-03
Professor Rachel O'Reilly		2025-04-24
Robin Charles Brundle		2025-04-24

THE FARADAY INSTITUTION

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Accounts

Trustees and Strategic Report



Legal and administrative information

Trustees

S C Cowley (appointed 24 April 2024)	H Kirner
M C Newman	J P Pikunic
L F Gladden	I Sheldon
R Brundle (appointed 24 April 2025)	S M Spearing (resigned from board 8th July 2025)
E Taylor	R O'Reilly (appointed 24 April 2025)
V Srinivasan	V Gentili (24 April – 30 June 2025 before becoming board observer due to new role as Battery Innovation Programme Director)

Secretary	Charity number	Company number	Registered office
S M Robertson (retired 16 September 2025)	1176500 Registered in England and Wales	10959095 Registered in England and Wales	Quad One Becquerel Avenue Harwell Campus Didcot Oxfordshire OX11 0RA
C Callow (appointed 17 September 2025)			

Auditor	Bankers	Solicitors
Crowe U.K. LLP 4th Floor St James House St James Square Cheltenham GL50 3PR	Barclays Bank 1 Churchill Place London E14 5HP	DAC Beachcroft 25 Walbrook London EC4N 8AF

Key Management

Chief Executive Officer	Chief Operating Officer	Chief Scientist
Pam Thomas (resigned 30 April 2024)	Susan Robertson (resigned 2 May 2025)	Peter Bruce
Martin Freer (appointed 2 September 2024)	Catherine Callow (appointed 8 September 2025)	

Website

www.faraday.ac.uk

The Trustees are pleased to present the annual report and financial statements for the Faraday Institution for the period ending 31 March 2025. The document has been prepared to meet the requirements for a strategic and a directors' report and accounts for Companies Act purposes as well as to meet the reporting requirements of the Charity Commission.

The financial statements have been prepared in line with the accounting policies set out in note 1 to the financial statements and comply with the Charities Act 2011, the Companies Act 2006, Articles of Association of the company, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the UK and Republic of Ireland (FRS102) as amended for accounting periods commencing from 1 January 2019.

Objective and activities

The Faraday Institution's Articles of Association sets out its objectives as follows:

'The advancement of science and education and the advancement of environmental protection or improvement for the public benefit by engaging in, encouraging, supporting and exploiting, by whatever means, high-quality research, and related training and policy advice, in energy capture, conversion and storage, with a view to securing outcomes which will add to scientific knowledge, deliver environmental benefits in terms of decarbonisation and improved air quality and benefit the life, health and well-being of humankind.'

The Faraday Institution carries out these objects through:

- Leading battery research through large-scale collaborative, university-led programmes
- Providing opportunities and training to develop early career scientists and engineers, PhD researchers and undergraduates to meet the future growing needs of UK battery research
- Producing independent economic analysis and reports on energy storage related topics important to policymakers, industry, and the UK public
- Conducting engagement activities designed to attract new participants to energy storage research and to educate general and specific audiences
- Developing commercial pathways for battery related innovations arising from the research programme.

The Trustees have considered the Charity Commission's guidance on public benefit when reviewing the organisation's aims and planning its future activities and believe that these activities fulfil this requirement.



CEO Professor Martin Freer opening the Faraday Institution Conference, September 2025

Strategic report

The Faraday Institution is the UK's independent institute for electrochemical energy storage research, skills development, market analysis, and early-stage commercialisation and is predominantly funded by the Battery Innovation Programme (formerly the Faraday Battery Challenge).

Bringing together expertise from universities and industry partners, the Faraday Institution conducts application-driven research on projects with commercial potential that will reduce battery cost, weight and volume and improve performance and reliability and develop whole life strategies including recycling and reuse.

As a national programme and a delivery partner for the Battery Innovation Programme (BIP) the Faraday Institution is focused on accelerating breakthroughs in energy storage technologies to benefit the UK in the global race to electrification and will be a key vehicle through which the UK Battery Strategy and the Government's Advanced Manufacturing Sector Plan, published in June 2025, will be delivered.

The Faraday Institution funds and actively manages application-inspired research in electrochemical energy storage through large-scale university-based research projects. The most promising emerging research is being developed for real-world use through the pipeline of innovation and application.

The organisation also represents a collaborative, multidisciplinary research community, bringing scientists and engineers together across the UK on mission-driven battery research.

The Faraday Institution has key roles to play in other areas to ensure this electrification transition goes smoothly and maximises the impact for the UK. These include efforts to inform policy through the publication of commissioned studies, responses to government consultations and parliamentary inquiries, and briefings associated with Faraday Insights publications; and STEM outreach and educational programmes to bring up the next generation of energy storage researchers.

The Faraday Institution collaborates with various partners and organisations in its endeavours. Alongside fellow members of the Battery Innovation Programme - Innovate UK and the UK Battery Industrialisation Centre - it actively engages with commercial R&D projects related to battery scale up. Furthermore, it forges strategic partnerships and alliances

with research and technology organisations, national facilities, government departments, charitable institutions, industry leaders, and academic institutions.

Beyond these UK activities, the Faraday Institution participates in international collaborations and engagements and has received funding from the Foreign, Commonwealth and Development Office (FCDO) and from the Department of Science, Innovation and Technology (DSIT) for this purpose.

The FCDO funding covers two sets of activities. The first is to enable research into energy storage for emerging economies as well as participation in various international activities such as the Global Battery Alliance and the World Bank's Energy Storage Partnership. This funding was renewed in 2022 until December 2026. Under this renewed funding, the Faraday Institution has assumed leadership of the Ayrton Challenge on Energy Storage (ACES); one of the thematic challenge programmes of the Ayrton Fund, which is a £1 billion UK government development fund to accelerate the clean energy transition in developing countries by making clean energy options the most affordable, accessible and attractive. This supports Sustainable Development Goal (SDG) 7 (Affordable and Clean Energy) and SDG13 (Climate Action).

The second strand of FCDO funding awarded in 2023/24 and extended in February 2025 is to set up a programme of Visiting Research Fellows (VRFs) from South America to work alongside Faraday Institution researchers with the aim of enhancing partnerships between the UK and the lithium triangle countries of Argentina and Chile. The renewal of the grant enabled a further cohort of five researchers from Chile, Argentina and Brazil to undertake VRFs in the UK between around October 2025 and March 2026.

Further funding was awarded to the Faraday Institution in 2022 by the Department of Business, Energy and Industrial Strategy (BEIS) (now DSIT) for a programme of collaborative research between the UK and USA, which ran until 31 March 2025. DSIT has provided extension funding through its Tactical Fund to support two US-UK workshops in basic energy sciences, focusing on fundamental battery research and the use of exascale computing and AI tools (joint with the Hartree Centre) for battery science.

In 2024, the Faraday Institution and the Japanese Science and Technology Agency launched a two-year UK Japan Energy Storage Research Fellowship programme that is designed to strengthen collaboration between the two countries in the field of next-generation battery technologies. The scheme is supported by DSIT's International Science Partnerships Fund (ISPF) and runs from April 2024 to March 2026. Details of these activities are set out in Part I of the annual report, which is published on our website www.faraday.ac.uk.

Principal risks and mitigations

The Faraday Institution manages risk through a formal risk management process, which involves its executives, the Audit, Finance and Risk Committee and the Board of Trustees. The process includes regular reviews as well as an annual workshop with participation from stakeholders and Faraday Institution management. The risk register is updated regularly and reviewed with the Board and the Audit, Finance and Risk Committee.

Key risks for the Faraday Institution

Key risks for the organisation have been identified as follows:

Future funding:

Future funding represents a significant risk for the Faraday Institution as it is funded entirely through fixed term grants. The main grant from the Battery Innovation Programme, which includes funding for the core activities and for the headquarters staff, is confirmed until 31 March 2027. While the Government announced an investment of £452 million to March 2030 for the Battery Innovation Programme as a whole, the Faraday Institution budgets and assurances around funding between April 2027 and March 2030 are not expected to be confirmed by Innovate UK until early 2026. As the work of the Faraday Institution is intended to be long term, uncertainty on longer term funding makes it difficult to plan and make commitments over the required timescales as well as leading to risk of researcher flight. This risk is mitigated through careful management of finances and commitments and appropriate communication across the research community that the Faraday Institution funds.

Lack of a mature battery industry and supply chain for battery materials in the UK:

This risk is addressed through its work in convening of key stakeholders and participants in the battery industry, engagement within the wider Battery Innovation Programme and through its informed insights and briefings.

Ability to deliver research programmes that successfully meet its aims:

The Faraday Institution applies a model of programme management that is designed to balance between not

over-burdening research projects, but which enables the research to be commercially relevant. This model involves active engagement with industry to identify key challenges, defines a process for the management of the research programmes, and benefits from the input of its Expert Panel of leading industry and academic experts who review the progress of the research programmes and advise the Trustees accordingly.

Recruitment and retention of researchers sufficient to meet the programme requirements:

With uncertainty over future funding and high demand for battery researchers both in the UK and overseas, there is a risk of losing researchers to other opportunities. In addition, delays in getting visas for researchers recruited from overseas has led to some delays in filling posts. The Faraday Institution seeks to mitigate this risk by ensuring good development opportunities and training programmes are in place for its researchers. Whilst the Faraday Institution seeks to retain and attract good candidates for its research programmes, movement of researchers from its programmes to further careers within the battery industry are considered by the Trustees as being a positive support for this growing industry in the UK and in line with its objectives.

Other risks:

The Faraday Institution manages its financial risk through a robust process of planning and budgetary control with oversight from the Audit, Finance and Risk Committee and the Board of Trustees who review the financial position of the organisation at each Board meeting. The Trustees ensure that commitments for future expenditure are made prudently with due consideration of the financial resources available.

The key processes and controls adopted by the organisation are designed to be fit for purpose and efficient whilst providing appropriate financial controls and sound management processes that are consistent with the principles of the Government's 'Managing Public Money' and value for money. The organisation reviews and monitors these and updates as appropriate.

Achievements, performance and success criteria in 2024/2025

The Faraday Institution has now completed its seventh year and continues to deliver on its mission to enable breakthroughs in energy storage for the UK.

The research community now includes over 500 scientists and engineers across 25 UK universities, continuing the Faraday Institution's effort to convene a robust community in different energy storage related disciplines to solve key challenges.

At the core of the Faraday Institution's research programme are ten major collaborative research projects in lithium-ion and beyond lithium-ion technologies. Under the Faraday Institution's research model, these projects are reviewed and evolve to meet priorities and focus on promising areas. The current term of the remaining projects is to 31 March 2026 or 30 September 2026 (depending on the project) and a process is currently underway to review how the research programme will be shaped going forward, to build on the impacts delivered to date and to identify new priorities.

In addition to the major research programmes, the Faraday Institution has research projects on topics to benefit emerging economies that are funded by Foreign Commonwealth and Development Office through the Ayrton Fund. This programme also contributes to the NEXGENNA project on sodium-ion batteries.

During the 2023-24 financial year, the Faraday Institution was awarded further funding from DSIT through its International Science Partnerships Fund (ISPF) to fund research fellows to work on a collaborative programme with Japanese research organisations. This programme started in April 2024 and runs until March 2026.

The quality of the academic work of these projects is indicated by the substantial number of papers in leading publication. 1,206 publications were logged to September 2025, of which:

- 62% in the top 10% of journals
- 89.6% in the top quartile journals
- 47.1% in the top 10% most cited publications worldwide

In line with the maturity of the research projects, the Faraday Institution commercialisation activities have continued to gain traction over the course of 2024/25. The number of its UK industrial partners has increased to 148. The commercialisation activities have also led to additional grants being awarded.

These included 22 awarded Industry Fellowships and 31 Industry Sprint projects to date, which are designed to target real-world solutions with industrial partners. In addition, 15 entrepreneurial fellowships, supporting start-ups have now been awarded. There has also been an increase in the level of intellectual property being developed with 56 inventions identified, 20 patents filed and 10 published.

The Faraday Institution accelerates research to commercial outcomes. The 26 start-ups supported to October 2025 (via entrepreneurial or industry fellowships, industry sprints or via main project involvement) now employ 430+ and have subsequently secured £225 million in funding rounds, follow-on grants and one exit.

The series of Faraday Insights has continued to provide meaningful evidence-based assessment of the market, economics, technology and capabilities for energy storage technologies and the transition to a fully electric UK for government, academic and industry stakeholders. To date, 22 have been published. Because of their high quality, these insights and reports are included in GO-Science's EmTech Resource Library, which is a library of hundreds of technology reports available for use by teams across government in order to facilitate knowledge sharing across departments and offices. An update to the report "UK Electric Vehicle and Battery Production Potential to 2040" was published in September 2024.

The terms of the Faraday Institution's funding did not allow for it to fund a new cohort of PhDs this financial year. To ensure that there continues to be a quality training programme for battery researchers, the Faraday Institution offers a PhD enrichment programme to eligible PhD students – with 13 researchers joining the cohort formed in October 2025. To date 116 PhD students have benefited from the Faraday Institution's PhD training programme with a further 72 PhD researchers currently affiliated to the Faraday Institution's major research projects. These affiliated PhD researchers are also able to benefit from a training budget provided by the Faraday Institution, as well as through participation in the Faraday Institution's Annual and Early Career Research Conferences and related networking and



career development activities. 89% of its first two cohorts of PhD researchers secured their first positions in the battery sector – within industry, analyst or academic roles.

In addition, in the summer of 2025, the FUSE internship programme again enabled 47 undergraduate students to benefit from a battery science internship working alongside Faraday Institution researchers, bringing the total since 2018 to 360+.

A number of these former interns are now working as PhD researchers in Faraday Institution research projects.

The Faraday Institution held a successful conference in September 2024 at Newcastle University with nearly 550 attendees from across academia, industry and policy.

Aims, objectives and success criteria for 2025/2026

Research programmes

We will continue to actively manage our research portfolio, to ensure its strength in high quality and highly cited publications continues and that we deliver significant impacts from each project.

In 2024/25, the organisation undertook a comprehensive review and reshaping of our major research projects to ensure the UK remains in a strong position to lead for the longer term. The reshaped programme commenced in 2024/25 with six reshaped projects that started in April 2025 and a further two that started in October 2025.

Two major projects, FutureCat and CATMAT, concluded at the end of their grant period in September 2025. Building on the success of FutureCat and CATMAT, two new projects will begin in October 2025:

- FAST: Advancing Battery Formation, Ageing, and Testing for Efficient Manufacturing and Sustainability, led by Professor Emma Kendrick, University of Birmingham
- 3D-CAT: Accelerated Development of Next Generation Lithium-rich 3D Cathode Materials, led by Dr Robert House, University of Oxford

As part of the Ayrton Challenge on Energy Storage (ACES); A total of six concept-to-demonstrator projects were awarded in May and August 2025, running through to September 2026.

Commercialisation

We will continue to deliver impact by working closely with our research project investigators to protect emerging intellectual property through patents and commercialising technology through academic and industrial partnerships. We will continue to focus on those projects that have clear nearer-term market impacts (for example, battery modelling), and those where the UK is well-placed to take a leading position such as in sodium-ion, lithium-sulfur and solid-state batteries.

Our investment to bolster academic and industrial partnerships will continue in the form of Industrial Sprints, Industry Fellowships and Entrepreneurial Fellowships, with a goal to accelerate commercially relevant research to the marketplace.

Two Transformational Challenges will be added to our research portfolio. These target energy storage application challenges that have extraordinary impact potential where there are currently only conceptual solutions or ideas. The first Challenge (UltraStore) will develop ultra-low cost long duration energy storage solutions

for the grid. The second (HighPerCell) will focus on ultra-high performance batteries, particularly targeting aerospace. These challenges will commence with a co-creation and planning phase where the organisation will work with consultants to formulate and develop novel methods, approaches and radical ideas to shape larger, open project calls that will open in 2026.

Funding

The Faraday Institution has assurance of funding through to the end of March 2027 from UKRI to sustain its core programmes. The Department of Business and Trade Investment Committee will meet in early 2026 to review the Battery Innovation Programme business case and the planned allocation of the £452 million pledged for the programme. Following this, a grant framework agreement and offer letters will be provided to Innovate UK and then the Faraday Institution, covering funding from 1 April 2026 to March 2030. This process aims to provide stability and mitigate the challenges of short-term funding cycles.

The organisation will also continue to look for complementary and relevant funding through other sources, in support of international battery collaboration and research.

Skills training

A new cohort for the PhD Enrichment Programme will be recruited to start in October 2025, and the Faraday Institution will continue delivering its PhD Training Programme for current participants. With expected UK Government funding for the Battery Innovation Programme through to March 2030, the Faraday Institution will be able to directly fund new PhD studentships. An open call for UK PhD studentships will be launched in autumn 2025, aiming for successful candidates to begin in October 2026 following recruitment at partner universities. To maximise impact and increase the total number of PhDs supported, the organisation plans to offer a mix of fully funded and part-funded studentships, leveraging matched funding from research technology organisations, industry, and universities.

The summer internship programme for undergraduates will continue, providing research experience in energy storage topics at university partners. Early career researchers will benefit from ongoing support for professional development, including training budgets and a major Early Career Researcher Conference and Training Event scheduled for March 2026.

Following the success of the 600+ Faraday Institution conference hosted by the University of Warwick in September 2025, the University of Nottingham will host the 2026 conference.



Professor Layla Mehdi, University of Liverpool, speaks to Nobel laureate Professor Sir Stan Whittingham during a lunch and networking sessions at the Faraday Institution Conference at the University of Warwick, September 2025

Engagement

We will continue to deliver a programme of engagement that influences policy, informs the public and academia and generates top tier media coverage in relation to battery science, gigafactory demand, battery production, supply chains and transport sector electrification, through publishing insights, reports briefings, consultations, and responses to enquiries. We will continue to position our CEO and the senior leadership team for maximum influence in these circles.

In 2025-26 we will serve as secretariat to the policy commission "Powering a Secure and Sustainable Economy with Gigafactory Investment", launched in June 2025 and chaired by Lord Hutton. The commission will bring together senior cross-party political figures and industry leaders with deep expertise in government, policy, manufacturing, energy and national security and will consult multiple stakeholders. Its recommendations will be published early in 2026 and will cover how the UK can scale up its battery manufacturing capacity – a critical requirement to achieving net zero, generating economic growth and securing high-quality green jobs.

Internationally, we will work to solidify and formalise our ties with the US research community and the Hartree Centre to define further collaborative research projects. We will, in addition, look to expand our international collaboration efforts through programmes in other geographies, such as Japan, Germany, and South America. We will lead the Ayrton Challenge on Energy Storage for the FCDO, a programme to ensure the just and fair transition to fully electric in emerging economies.

Equality, diversity and inclusion (EDI)

We will continue our focus on career development for under-represented groups within the community as well as promoting inclusivity across our activities and community. We will continue to consolidate our learnings and make available across our community resources to support them in EDI aspects. We will also continue to embed EDI principles within all our activities including engagement and our conferences. In addition, we will provide targeted training to support and reinforce EDI across our community.

Financial review

Income for the year was £33.3 million (2024: £29 million), primarily from grants. Of this, £28.8 million (2024: £25.2 million) was received from the government-funded Battery Innovation Programme (formally Faraday Battery Challenge).

Further funding was received from other funders as follows:

£1.2 million (2024: £0.7 million) is income recognised in the period from a £5 million grant awarded by the Foreign, Commonwealth and Development Office (FCDO) for the Ayrton Challenge on Energy Storage (ACES). This grant covers the period to 31 December 2026.

Also during the year, £1.7 million (2024: £2.1 million) of income was recognised from the grant awarded by the Department for Science, Innovation and Technology (DSIT) for a collaborative programme on energy storage topics between researchers in the UK and USA. The total of this grant was £4 million, and it ran until 31 March 2025.

£0.3 million (2024: £0.6 million) of income was recognised from a grant awarded by FCDO for a programme of visiting research fellows from Chile and Argentina who will work in the UK on Faraday Institution projects.

A total of £0.7 million (2024: £0) of income was recognised from DSIT for a new grant to fund a collaboration programme between researchers in the UK and Japan. The total funding for this grant is for £1.6 million and runs until 31 March 2026.

Investment income in the period was £0.24 million (2024: £0.26 million). In addition, £0.2 million (2024: £0.06 million) was generated through sponsorship and exhibitor fees at the annual conference.

Expenditure for the period comprises direct expenses totalling £3.0 million (2024: £2.8 million), grant awards of £29.0 million (2024: £29.2 million) and support costs of £1.0 million (2024: £0.9 million).

The main items of grant expenditure during the year related to the ten major, multi-year research programmes. The awards for these grants cover the period to 31 March 2025 (6 projects) or 30 September 2025 (4 projects). These grants have been extended to March 2026 (6 projects) and 30 September 2026 (2 projects)

In addition, new grants were awarded to fund the following other activities:

- Research project grants of £0.7 million as part of the DSIT Japan programme
- an enrichment training programme for PhD researchers
- 46 internships for undergraduate students
- Industrial and Entrepreneurial Fellowship grants totalling £0.9 million
- and 8 Industry Sprint projects totalling £1.9 million.

Payments for these grants are scheduled over the period of the award. In most cases payments are made quarterly in arrears on receipt of invoice of actual costs. According to the Faraday Institution's accounting policy, expenditure is recognised when committed.

Going concern

The Trustees have prepared the accounts on a going concern basis. In making this assumption, the Trustees have considered forecasts of income, expenditure and cash flow over future periods and believe that the organisation has sufficient funds to continue its activities for the foreseeable future. In particular, they have incorporated into the forecasts additional funding of £33 million, which was confirmed by UK Research and Innovation (UKRI) in July 2025. This funding is intended to support the organisation's activities until 31 March 2027.

Reserves policy

The Faraday Institution is funded currently through grants from the Engineering and Physical Sciences Research Council (EPSRC), Innovate UK and through the Foreign, Commonwealth and Development Office (FCDO) and Department of Science Technology and Innovation (DSIT). The charity intends that all of this funding will be spent on awarding grants or other of its charitable activities in order to ensure it reaches the fullest amount of public benefit achievable with the funds available. The Trustees recognise however that it is necessary to have access to reserves to meet unexpected costs and variations in its expenditure.

In the year 2023/24 the main provider of the grant funding from the Faraday Battery Challenge to the Faraday Institution changed from being EPSRC to Innovate UK. A consequence of this change in funding is that payments for the grant are now received in arrears rather than in advance and in recognition of the need for the Faraday Institution to have sufficient cash flow and reserves to manage its activities, Innovate UK awarded £7.2 million of this new grant in advance. This amount has been accounted for as deferred income.

Based on the risk profile of the charity, and its ability to manage and forecast cash flow, the Trustees believe this sum provides sufficient reserves to manage the risk. This reserves target is likely to change year-on-year with the payment profiles and will therefore be reassessed on a regular basis.

Fundraising

The majority of funding for the Faraday Institution is derived from grants. The organisation does not carry out any fundraising activities with the general public and no donations are sought from the public, therefore it is not registered with the Fundraising Regulator. The charity had no fundraising activities requiring disclosure under S162A of the Charities Act 2011.

Investment policy

Investment policy only relates to the short-term management of liquid funds as the organisation does not have long-term funds for investment. All funds are managed on a prudent basis, and policies ensure that funds are only held with counterparties with a high level of credit worthiness, that sufficient liquidity is maintained at all times and that risk is spread across more than one institution.

Grant awarding policy

The processes for award of grants are defined beforehand by the Trustees or in the case of smaller awards by management of the Faraday Institution and are based on principles of fairness, transparency and good use of public money whilst being proportionate to the level of awards being considered. In most cases, this will involve independent, expert review of grant applications. Details of the process followed to award grants for large projects are available in the Faraday Institution Management Plan on the organisation's website.

Structure, governance and management

Structure, governance and management

The Faraday Institution is a company limited by guarantee, a registered charity and is governed by its Articles of Association. The Trustees, who are also directors and members of the Faraday Institution for the purpose of company law, and who served up to the date of signature of the financial statements, are listed in the legal and administrative information provided at the start of this report.

Trustees are responsible for setting strategy for the Faraday Institution and ensuring that its long-term aims are met. They decide its priorities and direction, monitor risk and develop policies.

Trustees are appointed by the Board of Trustees with an initial term of three years. Trustees may then stand for reappointment with a maximum term of 10 years. On appointment, Trustees are provided with briefing on the duties of Trustees and on the mission and operations of the Faraday Institution to equip them to fulfil their duties as directors. Trustees' meetings are held no less than three times per year. A process for recruitment of future Trustees has been set and is overseen by the People Committee who are responsible for conducting the recruitment process and making recommendations to the Board. Evaluation of Board processes and performance is conducted in order to provide feedback to the Chair and Trustees and enable continuous improvement.

The following committees report to the Board of Trustees:

Audit, Finance and Risk Committee

This committee reviews and reports back to the Trustees on issues relating to audit, financial management and oversight, and risk.

People Committee

This committee reviews and advises the Trustees on issues relating to nominations, remuneration, equality and diversity, recruitment and overall HR policies for the Faraday Institution.

Business Impact Committee

This committee looks at industry's requirements of the Faraday Institution; for example, scientific research areas, understanding strategic challenges for the battery technology industry and developing and delivering active two-way links with industry.

Key management

The key management of the Faraday Institution, who are appointed by the Trustees, are the Chief Executive, the Chief Operating Officer (this role now incorporates the role of Chief Financial Officer as defined within the Articles of Association) and the Chief Scientist. Day-to-day management of the organisation is delegated to the Chief Executive Officer, who has executive responsibility for decisions under the direction of the Trustees. The Chief Operating Officer is responsible to the Trustees for managing the financial risks of the organisation, for financial planning and for financial reporting to the Chief Executive Officer and the Trustees. The Chief Executive Officer and the Chief Scientist, working together, are responsible for leading the organisation's research programme, drawing upon the advice of the Expert Panel as a whole.

Remuneration

Remuneration for key management is determined at the time of appointment based on market assessment and external advice (for example from search companies). The remuneration package is designed to reflect the fact that the organisation is a charity and publicly funded whilst still being sufficient to attract suitably qualified candidates. Pay is reviewed annually. Pay increases for the CEO are determined by the Chair of the Board of Trustees following a review of the CEO's performance.

Pay increases for other staff are determined by the CEO based on individual performance reviews and determined within an overall limit determined by the Board of Trustees. In determining this for 2024/25, the Board considered general pay review published information as well as pay increases for similar organisations.

Changes to the Board of Trustees

During and post year end there were a number of changes to Trustees. After a selection process, three new Trustees were appointed in April 2025 and we were pleased to welcome Rachel O'Reilly, Professor of Chemistry and Pro-vice Chancellor for Research at the University of Birmingham; and Robin Brundle, Co-founder and Director of Recyclus Group, to the Board.

The third Trustee appointed was Dr Valentina Gentilli, who after 2 months on the board moved to an observer position as she accepted a new role as Director of the Battery Innovation Programme.

In addition, following a selection process for a new prospective Chair of the Board, Sir Steven Cowley was appointed to the Board in April 2024 and was subsequently appointed as Chair of the Board on 16 July 2024. We are very grateful to Peter Littlewood, who stepped down from this position at this date and from the board in December 2024, when the term of his trustee appointment ended.

Statement of Trustees' responsibilities

The Trustees, who are also the directors of the Faraday Institution for the purpose 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 year that give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and 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 statement of recommended practice;

- make judgements and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware, and
- that Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Crowe U.K. LLP was appointed as auditors on 10th July 2019. Crowe U.K. LLP has indicated its willingness to be reappointed as statutory auditor. The trustees' report, incorporating a strategic report, was approved by the Board of Trustees, as the company directors, on 9 December 2025 and signed on its behalf by;



S C Cowley
Trustee

Dated: 9 December 2025

Independent auditor's report to the members of the Faraday Institution

Opinion

We have audited the financial statements of the Faraday Institution for the year ended 31 March 2025 which comprise the Statement of Financial Activities, Statement of Financial Position and Statement of Cash Flows 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 charitable company's affairs as at 31 March 2025 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The Trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report there on 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.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 16, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of 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 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 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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company for fraud. The laws and regulations we considered in this context for the UK operations were Taxation legislation and Employment legislation.

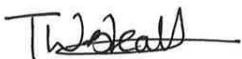
Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Audit, Finance and Risk Committee about their own identification and assessment of the risks of irregularities, performing audit procedures over income, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Tara Westcott
Senior Statutory Auditor
For and on behalf of Crowe U.K. LLP
Statutory Auditor
Cheltenham

Dated: 09 December 2025



Dr Matthew Irvine with FUSE intern Sarah Adlen

Financial Report

Statement of financial activities

including income and expenditure account for the year ended 31 March 2025

	Notes	Unrestricted funds £	Restricted funds £	Total 2025 £	Unrestricted funds £	Restricted funds £	Total 2024 £
Income from:							
Charitable activities funded by BIP	3	27,827,694	922,719	28,750,413	23,735,734	1,426,609	25,162,343
Charitable activities from DSIT & FCDO		-	4,072,837	4,072,837	-	3,479,902	3,479,902
Other trading activities		215,664	-	215,664	58,664	-	58,664
Investments	4	244,922	-	244,922	262,348	-	262,348
Total Income		28,288,280	4,995,556	33,283,836	24,056,746	4,906,511	28,963,257
Expenditure on:							
Charitable activities funded by BIP		27,885,955	1,119,646	29,005,601	27,869,642	1,578,256	29,447,898
Charitable activities from DSIT & FCDO		-	3,916,032	3,916,032	-	3,425,577	3,425,577
Total Expenditure	5	27,885,955	5,035,678	32,921,633	27,869,642	5,003,833	32,873,475
Net income for the year/ Net movement in funds		402,325	(40,122)	362,203	(3,812,896)	(97,322)	(3,910,218)
Funds balance at 31 March 2024		160,111	362,961	523,072	3,973,007	460,283	4,433,290
Fund balances at 31 March 2025		562,436	322,839	885,275	160,111	362,961	523,072

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 25 to 38 form part of these financial statements.

Statement of financial position

for the year ended 31 March 2025

		2025	2024
	Notes	£	£
Fixed assets			
Tangible assets	11	115,308	140,820
Current assets			
Debtors	14	9,880,037	16,455,333
Cash at bank and in hand	13	12,742,258	7,512,328
		22,622,295	23,967,661
Creditors: amounts falling due within one year	15	21,852,328	23,585,408
Net current assets		769,967	382,253
Total assets less current liabilities		885,275	523,073
Creditors: Amounts falling after more than one year		-	-
		885,275	523,073
Funds			
Restricted funds	16	322,839	362,961
Unrestricted funds		562,436	160,111
	17	885,275	523,072

The financial statements were approved by the Trustees on and signed on its behalf by



S C Cowley

Trustee

Company Registration No. 10959095

Dated: 9 December 2025

Statement of cash flows

for the year ended 31 March 2025

		2025	2024
	Notes	£	£
Cash flows from operating activities			
Cash generated from/(absorbed by) operations	20	4,991,390	(15,430,000)
Investing activities			
Purchase of tangible fixed assets		(6,382)	(5,975)
Interest received		244,922	262,348
Net cash used in investing activities		238,540	256,373
Net increase in cash and cash equivalents		5,229,930	(15,173,627)
Cash and cash equivalents at beginning of period		7,512,328	22,685,955
Cash and cash equivalents at end of period		12,742,258	7,512,328

Notes to the financial statements

for the year ended 31 March 2025

1 Accounting policies

Charity information

The Faraday Institution is a private company limited by guarantee incorporated in England and Wales (company number 10959095). The registered office is Suite 4, 2nd floor, Quad One, Becquerel Avenue, Harwell Campus, Didcot, Oxfordshire, OX11 0RA. The Faraday Institution is also a charity registered in England and Wales; charity number 1176500.

1.1 Accounting convention

The financial statements have been prepared under the historical cost convention in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The Charitable Company is a public benefit entity for the purposes of FRS 102 and therefore the Charity prepared its financial statements in accordance with the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The financial statements are presented in sterling, which is the functional currency of the Charity. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. As per our reserves note, UKRI has confirmed that they will provide future funding to 31 March 2027.

The Trustees believe that funding will continue beyond 31 March 2027 and therefore has adopted the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

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

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

1.4 Income

Income is recognised when the Charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Grant funding is included within "Charitable activities". Grant funding may include terms and conditions that must be met before the Charity can receive the grant and may have flexible arrangements that mean that the amount to be received by the Charity cannot be fully determined at the date of award.

In such cases, the income will be recognised at the sooner of receipt of funds or when the event triggering unconditional entitlement occurs and the Charity can reliably measure the income. Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

Notes to the financial statements

1.5 Expenditure

All expenditure is recognised inclusive of irrecoverable VAT on an accruals basis once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required, and the amount of the obligation can be reliably measured. Expenditure is categorised under the following headings:

Expenditure on charitable activities includes the costs of activities undertaken to further the purpose of the Faraday Institution.

Grants payable are recognised when the Charity has a constructive obligation according to the terms of the grant award (this may be before the payment is due).

Support costs are those costs incurred during activities that assist the work of the Charity but are not directly associated with the purpose of the Faraday Institution. Support costs include all or a proportion of back office costs, finance, personnel, payroll and governance costs which support the Faraday Institution's programmes and activities. These are split based on the estimated time spent by staff on the programmes and activities.

1.6 Tangible fixed assets

Tangible fixed assets costing more than £500 or which form part of a group of assets which collectively cost more than £500 are capitalised at initial cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Depreciation is applied from the start of the month following the date at which assets are brought into use and is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives as follows:

Leasehold improvements	Over the life of the lease of ten years
Computers	3 years straight line
Office furniture	3 years straight line
Pool car	3 years straight line

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

1.7 Impairment of fixed assets

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

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

Basic financial assets

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

Basic financial liabilities

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

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

1.10 Employee benefits

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

1.11 Retirement benefits

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

1.12 Leases

Operating lease: rentals are charged and credited to the statement of financial activities.

2 Critical accounting estimates and judgements

In the application of the Charity's accounting policies, the Trustees 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.

Critical judgements

Performance related grants

Income on performance related grants is recognised on a receivable basis, to the extent that income has been received, or is receivable due to the grants expected becoming unconditional and their receipt probable in the foreseeable future.

Grants that are expected but not yet receivable on the basis that certain performance related criteria must be achieved have been excluded from these financial statements. The expected income on which conditions are attached has been disclosed in note 3 to state a true and fair view of the expected income over a period of 4 and half years. Such grants include conditions that may not be certain of being met due to requirements for meeting criteria beyond the control of the charity thereby creating the possibility of the reduction or withdrawal of the expected fund. Accruals for grant expenditure are made based on forecasts of spend for the next quarter.

Notes to the financial statements

3 Charitable activities – Income

	2025	2024
	£	£
Performance related grants - EU STEPS	-	67,856
Performance related grants - DSIT Japan	775,302	-
Performance related grants - FCDO ACES	1,218,424	£719,139
Performance related grants - FCDO VRF	348,000	£600,000
Performance related grants - DSIT	1,731,112	£2,092,906
Performance related grants - EPSRC	922,719	£2,982,825
Performance related grants - Innovate UK	27,827,694	£22,179,518
	32,823,249	28,642,245

All income from charitable activities this financial year has come from grants awarded by either Innovate UK or the Engineering and Physical Sciences Research Council (EPSRC) as part of the Battery Innovation Programme (BIP), from the Foreign, Commonwealth and Development Office, (FCDO), or from the Department for Science, Innovation and Technology (DSIT).

This funding from the Battery Innovation Programme (formerly the Faraday Battery Challenge) was intended initially to support the setup costs of the Faraday Institution and to support an application inspired fundamental research programme to develop expertise in battery science and technology research.

These funds include separate streams intended for training activities and in the initial phase, for equipment associated with the Faraday Institution's projects. The equipment and training elements of this award have separate conditions attached and have been identified as restricted funds.

The terms of the grant awards from the Battery Innovation Programme include provision that the Challenge Director may flex the funding split between research, innovation and scale up based on market conditions and to ensure the optimal balance over time. Since the Faraday Institution represents

the research element of the Battery Innovation Programme, this means that the possibility of flexing of this funding leads to uncertainty over the amount of funds that may be available to the Faraday Institution over the period of the grant award. Grant payments made through EPSRC are scheduled to be made quarterly to the Faraday Institution according to a profile pre-agreed by EPSRC. Grants made through Innovate UK are paid quarterly in arrears. Given the uncertainty around future funding, in line with the charity's accounting policy on revenue recognition, income from grants has been recognised when it is considered to be unconditional. This is on receipt of the quarterly payment or in the case of the Innovate UK portion of the grant, at the quarter end.

The FCDO ACES grant is for a total of £5 million over the period commencing 1 April 2023 to 31 December 2026. Payments on this grant are quarterly based on a forecast spend adjusting for actual expenditure in the previous quarter. In line with the charity's accounting policy, income is recognised when it becomes unconditional.

The DSIT grant is for a total of £4 million over the period to 31 March 2025. Payments on this grant are made quarterly in arrears.

4 Investment income and Other income

	2025	2024
	£	£
Interest receivable	244,922	262,348
Other Trading income - sponsorship from annual conference	215,664	58,664
Total	460,586	321,012

5 Charitable activities - expenditure

2025		Grants	Direct costs	Support costs	Total
		£	£	£	£
	Note			(note 7)	
Research projects		27,711,970	1,777,132	638,038	30,127,140
Training		1,245,257	215,008	91,365	1,551,630
Engagement and reports		-	898,391	239,823	1,138,214
Governance	8	-	104,649	-	104,649
Total		28,957,227	2,995,180	969,226	32,921,633

2024		Grants	Direct costs	Support costs	Total
		£	£	£	£
				(note 7)	
Research projects		27,570,516	1,663,902	567,074	29,801,492
Training		1,624,774	183,406	85,239	1,893,419
Engagement and reports		-	803,814	224,033	1,027,847
Governance	8	-	150,717	-	150,717
Total		29,195,290	2,801,839	876,346	32,873,475

Notes to the financial statements

6 Grants payable

	2025	2024
	£	£
Grants to lead institutions		
University of Cambridge	2,969,789	2,401,012
Imperial College London	2,605,797	2,697,750
University of Birmingham	2,845,104	2,956,102
University of Oxford	8,501,606	8,303,268
University of St Andrews	2,668,960	2,726,830
University of Sheffield	2,027,995	3,169,270
University College London	4,859,555	3,706,762
University of Warwick	834,799	1,392,388
University of Coventry	247,140	-
University of Strathclyde	154,103	-
University of Nottingham	164,843	-
University of Bath	75,537	-
University of Liverpool	29,831	-
University of Swansea	-	190,554
University of Southampton	87,000	167,948
Entrepreneur Fellows	135,252	591,312
Smaller grants	749,916	892,094
	28,957,227	29,195,290

During the period, the charity's 10 major grants continued the research programme into battery related topics. Six of these started in April 2023 and four in October 2023. These grants were each for a period of 2 years and extended for one further year taking them to March 2026 and Sept 2026 respectively. These large grants are all collaborative research programmes involving a number of universities based on a hub and spoke model with one university taking the lead for each project. These grants are awarded subject to a number of terms and conditions and with the ability of the Faraday Institution to withdraw, reduce or reallocate on reasonable notice to better maximise the impact of the Faraday Institution research portfolio or in response to any variation in

the funding to the charity. For this reason, the grant awards are only recognised when they are considered to be unconditional. The balance of grant remaining is expected to be paid quarterly in arrears. Expenditure is recognised in the quarter in which expenditure commences.

Within the period, the charity also awarded two Entrepreneurial Fellowship grants (2024: Six). These last for up to one year and are all fully committed.

The PhD training grants are made to various institutions to fund PhD positions for four years. As the four-year term is beyond the current funding available to the charity, EPSRC has underwritten amounts that would fall due beyond the 31 March 2025.

7 Support costs

	2025	2024
	£	£
Salaries and other staff costs	254,211	278,683
Recruitment	64,180	84,072
Legal and professional	7,880	11,905
Office costs	564,455	481,571
Travel	78,500	20,115
Total	<u>969,226</u>	<u>876,346</u>

Notes to the financial statements

8 Governance

	2025	2024
	£	£
Trustee costs	2,239	23,078
Audit	19,904	44,074
Other accounting costs	82,506	83,565
	<u>104,649</u>	<u>150,717</u>

Governance costs includes payments to the auditors of £17,490 (2024: £16,500) excluding VAT. Audit fees include both statutory audit costs and the cost of audits to meet funder requirements. Other accounting costs include costs of the Faraday Institution's audit of its research grants conducted on its behalf by KPMG.

9 Trustees

None of the Trustees (or any persons connected with them) received any remuneration or benefits from the Company during the period for their work as Trustees. Four Trustees were reimbursed for travel expenses during the period. The reimbursements totalled £8,312 (2024: Four Trustees £6,072).

10 Employees

	2025	2024
Number of employees		

The average monthly number of employees during the period was:

27	25
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	2025	2024
Employment costs	£	£
Interim staff salaries	223,426	78,763
Wages and salaries	1,559,063	1,599,298
Social security costs	182,558	192,549
Other pension costs	242,573	208,952
	2,207,620	2,079,562

	2025	2024
The number of employees whose annual remuneration was £60,000 or more were:	Number	Number
£60,001 to £70,000	-	3
£70,001 to £80,000	3	-
£80,001 to £90,000	1	-
£90,001 to £100,000	1	-
£100,001 to £110,000	-	3
£110,001 to £120,000	1	-
£120,001 to £130,000	-	1
£130,001 to £140,000	1	-
£140,001 to £150,000	1	-
£150,001 to £160,000	-	1
£160,001 to £170,000	-	-
£170,001 to £180,000	1	-
£180,001 to £190,000	-	1
£190,001 to £200,000	1	-

	2025	2024
Remuneration of key management personnel	£	£

The remuneration of key management personnel is as follows.

Aggregate compensation	287,549	346,569
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Notes to the financial statements

11 Tangible fixed assets

	Leasehold improvements £	Computers £	Office furniture £	Pool car £	Total £
Cost					
Balance at 1 April 2024	218,941	71,458	87,842	34,552	412,793
Additions	-	6,382	-	-	6,382
Balance at 31 March 2025	218,941	77,840	87,842	34,552	419,175
Accumulated Depreciation					
Balance at 1 April 2024	(105,687)	(61,731)	(82,932)	(21,623)	(271,973)
Charge for the year	(21,750)	(8,153)	(502)	(1,489)	(31,894)
Balance at 31 March 2025	(127,437)	(69,884)	(83,434)	(23,112)	(303,867)
Net book value at 31 March 2025	91,504	7,956	4,408	11,440	115,308
Net book value at 31 March 2024	113,254	13,765	6,247	14,419	169,435

12 Financial instruments

	2025 £	2024 £
Financial assets measured at amortised cost (a)	22,445,575	23,750,579
Financial liabilities measured at amortised cost (b)	21,803,773	23,533,689

(a) Financial assets measured at amortised cost include cash, other debtors and accrued income

(b) Financial liabilities measured at amortised cost include other creditors, all accruals and finance leases

13 Cash and cash equivalents

	2025	2024
	£	£
Cash	5,481,194	6,285,246
Short-term bank deposits	7,261,064	1,227,082
Total	<u>12,742,258</u>	<u>7,512,328</u>

14 Debtors

	2025	2024
Amounts falling due within one year	£	£
Other debtors	506,673	831,880
Prepayments and accrued income	9,373,364	15,623,453
Total	<u>9,880,037</u>	<u>16,455,333</u>

15 Creditors

	2025	2024
Amounts falling due within one year	£	£
Taxation and social security	77,381	54,343
Other creditors	59,579	17,671
Trade creditors – grants	341,678	4,483,053
Deferred Income	7,200,000	7,200,000
General accruals	82,849	118,228
Accruals for grants payable	14,090,841	11,712,113
Total	<u>21,852,328</u>	<u>23,585,408</u>

Deferred income of £7.2 million is as an advance payment paid as part of the Innovate UK grant to ensure the charity has sufficient funds to meet its commitments and is a prepayment of the last quarter payment due for the quarter ending 31 March 2025.

Notes to the financial statements

16 Restricted funds

	UKRI equipment grant	UKRI training grant	FCDO grant	FCDO VRF	DSIT grant	DSIT Japan grant	Total
Opening balance 1st April 2024	72,918	235,718	(291,105)	-	345,430	-	362,961
Incoming resources	-	922,719	1,218,424	348,000	1,731,112	775,302	4,995,557
Resources expended	-	(1,119,646)	(1,045,924)	(350,793)	(1,724,636)	(794,680)	(5,035,679)
Balance at 31 March 2025	<u>72,918</u>	<u>38,791</u>	<u>(118,605)</u>	<u>(2,793)</u>	<u>351,906</u>	<u>(19,378)</u>	<u>322,839</u>
Opening balance 1st April 2023	72,918	387,365	-	-	-	-	460,283
Incoming resources	-	1,426,609	719,139	600,000	2,092,906	67,857	4,906,511
Resources expended	-	(1,578,256)	(1,010,244)	(600,000)	(1,747,476)	(67,857)	(5,003,833)
Balance at 31 March 2024	<u>72,918</u>	<u>235,718</u>	<u>(291,105)</u>	<u>-</u>	<u>345,430</u>	<u>-</u>	<u>362,961</u>

The UKRI equipment grant was received to fund equipment on the research grants, and will be reviewed in the FY 25/26. The UKRI training grant is used to fund PhD grants at research organisations and is paid in advance. The fund will be utilised in FY25/26. The FCDO ACES grant is paid in advance and corrected in the next quarter based on actual spend, the negative fund will be rectified in the FY25/26 Q1 claim. The fund runs until December 2026 and will be fully utilised. The FCDO VRF grant funds UK research organisations to host visiting researchers from Latin America and will be renewed in FY25/26 where the small negative fund will be reconciled with the funder and paid to the Faraday Institution in the next tranche of funding.

The DSIT grant is paid one quarter in advance and funds work to enable a US/UK research collaboration. This fund was fully reconciled in FY25/26.

17 Analysis of net assets between funds

	Unrestricted £	Restricted £	Total £
Fund balances at 31 March 2025 are represented by:			
Tangible assets	115,308	-	115,308
Current assets/(liabilities)	447,127	322,839	769,966
Carried over	562,436	322,839	885,275
Fund balances at 31 March 2024 are represented by:			
Tangible assets	140,820	-	140,820
Net current assets	19,291	362,961	382,252
	160,111	362,961	523,072

18 Operating lease commitments

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

	2025 £	2024 £
Within one year	224,521	206,692
Between two and five years	444,379	603,439
	668,900	810,131

The operating lease in respect of the rental of Quad 1, Harwell is a 10-year lease ending January 2028.

The rentals increase each year using the RPI index.

19 Related party transactions

Nothing to be reported for the year ended March 2025.

Notes to the financial statements

20 Reconciliation of cash flow from operating activities

	2025	2024
	£	£
Surplus/(Deficit) for the period	362,202	(3,910,218)
Adjustments for:		
Depreciation of fixed assets	31,894	34,590
Investment income recognised in statement of financial activities	(244,922)	(262,348)
Movements in working capital:		
Decrease/(Increase) in debtors	6,575,296	(15,729,340)
(Decrease)/Increase in creditors	(1,733,080)	4,437,316
Cash generated from/(absorbed by) operations	4,991,390	(15,430,000)

The Faraday Institution
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01235 425300

Accounts

Trustees and Strategic Report



Legal and administrative information

Trustees

S C Cowley (appointed 24 April 2024)	H Kirner
P B Littlewood (stepped down as Chair 16 July 2024 and will step down from the Board of Trustees at the end of his term on 31 December 2024)	C O'Hara (resigned 30 June 2024)
E K Edström (resigned 22 November 2023)	J P Pikunic
M C Newman	I Sheldon
L F Gladden (appointed 3 July 2023)	S M Spearing
	V Srinivasan (appointed 3 July 2023)
	E Taylor
	M van Tol (resigned 6 November 2023)

Secretary	Charity number	Company number	Registered office
S M Robertson	1176500 Registered in England and Wales	10959095 Registered in England and Wales	Quad One Becquerel Avenue Harwell Campus Didcot Oxfordshire OX11 0RA

Auditor	Bankers	Solicitors
Crowe U.K. LLP 4th Floor St James House St James Square Cheltenham GL50 3PR	Barclays Bank 1 Churchill Place London E14 5HP	DAC Beachcroft 25 Walbrook London EC4N 8AF

Key Management

Chief Executive Officer	Chief Operating Officer	Chief Scientist
Pam Thomas (resigned 30 April 2024)	Susan Robertson	Peter Bruce
Martin Freer (appointed 2 September 2024)		

Website

www.faraday.ac.uk

The Trustees are pleased to present the annual report and financial statements for the Faraday Institution for the period ending 31 March 2024. The document has been prepared to meet the requirements for a strategic and a directors' report and accounts for Companies Act purposes as well as to meet the reporting requirements of the Charity Commission.

The financial statements have been prepared in line with the accounting policies set out in note 1 to the financial statements and comply with the Charities Act 2011, the Companies Act 2006, Articles of Association of the company, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the UK and Republic of Ireland (FRS102) as amended for accounting periods commencing from 1 January 2019.

Objective and activities

The Faraday Institution's Articles of Association sets out its objectives as follows:

'The advancement of science and education and the advancement of environmental protection or improvement for the public benefit by engaging in, encouraging, supporting and exploiting, by whatever means, high-quality research, and related training and policy advice, in energy capture, conversion and storage, with a view to securing outcomes which will add to scientific knowledge, deliver environmental benefits in terms of decarbonisation and improved air quality and benefit the life, health and well-being of humankind.'

The Faraday Institution carries out these objects through:

- Leading battery research through large-scale collaborative, university-led programmes
- Providing opportunities and training to develop early career scientists and engineers, PhD researchers and undergraduates to meet the future growing needs of UK battery research
- Producing independent economic analysis and reports on energy storage related topics important to policymakers, industry, and the UK public
- Conducting engagement activities designed to attract new participants to energy storage research and to educate general and specific audiences
- Developing commercial pathways for battery related innovations arising from the research programme.

The Trustees have considered the Charity Commission's guidance on public benefit when reviewing the organisation's aims and planning its future activities and believe that these activities fulfil this requirement.

Strategic report

The Faraday Institution is the UK's independent institute for electrochemical energy storage research, skills development, market analysis, and early-stage commercialisation and is predominantly funded by the Faraday Battery Challenge.

Bringing together expertise from universities and industry partners, the Faraday Institution conducts application-driven research on projects with commercial potential that will reduce battery cost, weight and volume and improve performance and reliability and develop whole life strategies including recycling and reuse.

As a national programme and a delivery partner for the Faraday Battery Challenge (FBC), the Faraday Institution is focused on accelerating breakthroughs in energy storage technologies to benefit the UK in the global race to electrification and will be a key vehicle through which the UK Battery Strategy is delivered.

It funds and actively manages application-inspired research in electrochemical energy storage through large-scale university-based research projects. The most promising emerging research is being developed for real-world use through the pipeline of innovation and application.

The Faraday Institution also represents a collaborative, multidisciplinary research community, bringing scientists and engineers together across the UK on mission-driven battery research.

The Faraday Institution has key roles to play in other areas to ensure this electrification transition goes smoothly and maximises the impact for the UK. These include efforts to inform policy through the publication of commissioned studies, responses to government consultations and parliamentary inquiries; and briefings associated with Faraday Insights publications; STEM outreach and educational programmes to bring up the next generations of energy storage researchers; and broad reskilling efforts to identify and rectify the effects of electrification on the workforce in the auto sector and its wider value chain.

The Faraday Institution collaborates with various partners and organisations in its endeavours. Alongside fellow members of the FBC, it actively engages with Innovate UK on commercial R&D projects related to batteries and energy storage, as well as the UK Battery Industrialisation Centre (UKBIC). Furthermore,

it forges strategic partnerships and alliances with Research and Technology Organisations, national facilities, government departments, charitable institutions, industry leaders, and academic institutions. With the Auto Council, the Faraday Institution spearheaded the establishment of a national framework for electrification-related skills, aimed at revitalising both regional and national workforce development. This initiative is now being carried forward by the FBC and delivery partners to provide education and training for skilled workers, concurrently creating new and expanded employment opportunities.

Beyond these UK activities, the Faraday Institution participates in international collaborations and engagements and has received funding from the Foreign, Commonwealth and Development Office (FCDO) and from the Department of Science, Innovation and Technology (DSIT) for this purpose.

The FCDO funding covers two sets of activities. The first is to enable research into energy storage for emerging economies as well as participation in various international activities such as the Global Battery Alliance and the World Bank's Energy Storage Partnership. This funding was renewed in 2022 until December 2026. Under this renewed funding, the Faraday Institution has assumed leadership of the Ayrton Challenge on Energy Storage (ACES); one of the thematic challenge programmes of the Ayrton Fund, which is a £1 billion UK government development fund to accelerate the clean energy transition in developing countries by making clean energy options the most affordable, accessible and attractive. This supports Sustainable Development Goal (SDG) 7 (Affordable and Clean Energy) and SDG13 (Climate Action).

The second strand of FCDO funding awarded in 2023/24 is to set up a programme of Visiting Research Fellows (VRFs) from

Chile and Argentina to work alongside Faraday Institution researchers with the aim of enhancing partnerships between the UK and the lithium triangle countries of Argentina, Chile, and Bolivia. It builds on an earlier successful partnership between the University of Warwick and Bolivia.

Further funding was awarded to the Faraday Institution in 2022 by the Department of Business, Energy and Industrial Strategy (BEIS) (now DSIT) for a programme of collaborative research

between the UK and USA which will run until 31 March 2025. In addition, the Faraday Institution completed in 2023/24 its participation in the EU funded STEPS programme, which was launched in January 2021 and which supported energy storage companies within North-West Europe.

Details of these activities are set out in Part I of the annual report, which is published on our website www.faraday.ac.uk.

Principal risks and mitigations

The Faraday Institution manages risk through a formal risk management process which involves its executives, the Audit, Finance and Risk Committee and the Board of Trustees. The process includes regular reviews as well as an annual workshop with participation from stakeholders and Faraday Institution management. The risk register is updated regularly and reviewed with the Board and the Audit, Finance and Risk Committee.

Key risks for the Faraday Institution

Key risks for the organisation have been identified as follows:

Future funding:

Future funding represents a significant risk for the Faraday Institution as it is funded entirely through fixed term grants. The main grant from the Faraday Battery Challenge, which includes funding for the core activities and for the headquarters staff, is confirmed until 31 March 2026. As the work of the Faraday Institution is intended to be long term, uncertainty on longer term funding makes it difficult to plan and make commitments over the required timescales as well as leading to risk of researcher flight. This risk is mitigated through careful management of finances and commitments and appropriate communication across the research community that the Faraday Institution funds.

Lack of a mature battery industry and supply chain for battery materials in the UK:

This risk is addressed through its work in convening of key stakeholders and participants in the battery industry, engagement within the wider Faraday Battery Challenge and through its informed insights and briefings.

Ability to deliver research programmes that successfully meet its aims:

The Faraday Institution applies a model of programme management that is designed to balance between not over burdening research projects but which enables the research to be commercially relevant. This model involves active

engagement with industry to identify key challenges, defines a process for the management of the research programmes, and benefits from the input of its Expert Panel of leading industry and academic experts who review the progress of the research programmes and advise the Trustees accordingly.

Recruitment and retention of researchers sufficient to meet the programme requirements:

With uncertainty over future funding and high demand for battery researchers both in the UK and overseas, there is a risk of losing researchers to other opportunities. In addition, delays in getting visas for researchers recruited from overseas has led to some delays in filling posts. The Faraday Institution seeks to mitigate this risk by ensuring good development opportunities and training programmes are in place for its researchers. Whilst the Faraday Institution seeks to retain and attract good candidates for its research programmes, movement of researchers from its programmes to further careers within the battery industry are considered by the Trustees as being a positive support for this growing industry in the UK and in line with its objectives.

Other risks:

The Faraday Institution manages its financial risk through a robust process of planning and budgetary control with oversight from the Audit, Finance and Risk Committee and the Board of Trustees who review the financial position of the organisation at each Board meeting. The Trustees ensure that commitments for future expenditure are made prudently with due consideration of the financial resources available.

The key processes and controls adopted by the organisation are designed to be fit for purpose and efficient whilst providing appropriate financial controls and sound management processes that are consistent with the principles of the Government's 'Managing Public Money' and value for money. The organisation reviews and monitors these and updates as appropriate.

Achievements, performance and success criteria in 2023/2024

The Faraday Institution has now completed its sixth year and continues to deliver on its mission to enable breakthroughs in energy storage for the UK.

The research community now includes over 500 scientists and engineers across 25 UK universities, continuing the Faraday Institution's effort to convene a robust community in different energy storage related disciplines to solve key challenges.

At the core of the Faraday Institution's research programme are ten major collaborative research projects in lithium-ion and beyond lithium-ion technologies. Under the Faraday Institution's unique research model, these projects are reviewed and evolve to meet priorities and focus on promising areas. The current term of these projects is to 31 March 2025 or 30 September 2025 (depending on the project) and a process is currently underway to review how the research programme will be shaped going forward, to build on the impacts delivered to date and to identify new priorities. In addition to the major research programmes, the Faraday Institution has research projects on topics to benefit emerging economies that are funded by Foreign Commonwealth and Development Office through the Ayrton Fund. Five seed projects were awarded in January 2024 and a sprint project in June 2023. This programme also contributes to the NEXGENNA project on sodium-ion batteries.

During the year, the Faraday Institution was awarded further funding from DSIT through its International Science Partnerships Fund (ISPF) to fund research fellows to work on a collaborative programme with Japanese research organisations. This programme started in April 2024.

The quality of the academic work of these projects is indicated by the substantial number of papers in leading publications:

- 63.1% in the top 10% of journals
- 88.1% in the top quartile journals
- 47.4% in the top 10% most cited publications worldwide

In line with the maturity of the research projects, the Faraday Institution commercialisation activities have continued to gain traction over the course of 2023/24. The number of its industrial partners has increased to at least 140. The commercialisation activities have also led to additional grants being awarded. These included 18 awarded Industrial Fellowships and 22 Industry Sprint projects to date, which are designed to target real-world

solutions with industrial partners. In addition, 15 entrepreneurial fellowships, supporting early stage start-ups have now been awarded. There has also been an increase in the level of intellectual property being developed with 52 inventions identified, 20 patents filed and 10 published.

The 14 start-ups supported by the Faraday Institution to March 2024 employ 118 people (of whom 45% hold a PhD) and have near-term plans to expand to nearly 200. From a Faraday Institution investment of around £1 million, the companies have yielded a 36-fold return in further disclosed funding

The series of Faraday Insights has continued to provide meaningful evidence-based assessment of the market, economics, technology and capabilities for energy storage technologies and the transition to a fully electric UK for government, academic and industry stakeholders. To date, 21 have been published. Because of their high quality, these insights and reports are included in GO-Science's EmTech Resource Library, which is a library of hundreds of technology reports available for use by teams across government in order to facilitate knowledge sharing across departments and offices. An update to the report "UK Electric Vehicle and Battery Production Potential to 2040" was published in September 2024, along with a report on "Techno-Economic Analysis of Battery Energy Storage for Reducing Fossil Fuel Use in Sub-Saharan Africa". The Faraday Institution continues to submit evidence to government inquiries. In December 2023 it responded to the Department for Transport's call for evidence on zero emission heavy goods vehicles (HGVs).

In relation to its PhD training, the terms of the Faraday Institution's funding did not allow for it to fund a new cohort of PhDs this financial year. To ensure that there continues to be a quality training programme for battery researchers, the Faraday Institution offers a PhD enrichment programme to eligible PhD students – with 16 places granted from October 2024. To date 100 PhD students have benefitted from the Faraday Institution's PhD training programme with a further 100+ PhD researchers being affiliated through the Faraday Institution's major research projects. These affiliated PhD researchers are also able to benefit from a training budget provided by the Faraday Institution, as

well as through participation in the Faraday Institution's Annual and Early Career Research Conferences and related networking and career development activities. 100% of its first cohort of PhD researchers have secured their first positions in the battery sector - within industry, analyst or academic roles.

In addition, in the summer of 2024, the FUSE internship programme again enabled 55 undergraduate students to benefit from a battery science internship working alongside Faraday Institution researchers, bringing the total since 2018 to 310+. A number of these former interns are now working as PhD

researchers in Faraday Institution research projects.

The Faraday Institution held a successful conference in September 2023 at the University of Birmingham with around 500 attendees from across academia, industry and policy. In addition, it held a second Early Career Researcher conference at Warwick University in March 2024, building on the success of its initial one in 2022, providing early career battery researchers from across the UK the opportunity to disseminate their work and network with their peers.

Aims, objectives and success criteria for 2024/2025

Research programmes

We will continue to actively manage our research portfolio, to ensure its strength in high quality and highly cited publications continues and that we deliver significant impacts from each project.

In 2023/24, the Faraday Institution commenced a comprehensive review and reshaping of our major research projects to ensure the UK remains in a strong position to lead for the longer term. The reshaped programme will commence in 2024/25 with six projects starting in April 2025 and others beginning in October 2025.

Commercialisation

We will continue to deliver impact by working closely with our research project investigators to protect emerging intellectual property through patents and commercialising technology through academic and industrial partnerships. We will continue to focus on those projects that have clear nearer-term market impacts (for example, battery modelling), and those where the UK is well-placed to take a leading position such as in sodium-ion, recycling, and solid-state batteries.

Our investment to bolster academic and industrial partnerships will continue in the form of Industrial Sprints, Industrial Fellowships and Entrepreneurial Fellowships, with a goal to accelerate commercially relevant research to the marketplace.

Funding

Funding is in place to fund the main activities of the Faraday Institution through to 31 March 2026 and the organisation will continue to look for complementary and relevant funding through other sources, in support of international battery collaboration and research.

In addition, the Faraday Institution intends to work with its main funders to develop a sustainable funding programme that will seek to reduce the negative aspects of current short-term funding cycles.

Skills training

We will continue to deliver the enrichment programme for PhD training. We will also build the case for increased PhD funding to support the UK Battery Strategy. We will continue our summer internship programme for undergraduates, providing research

experiences in energy storage topics at our universities. Finally, for early career researchers, we will continue to support professional development, for example, by holding an Annual Conference. Following the success of the 500+ conference hosted by Newcastle University in September 2024, the University of Warwick will host the next conference in September 2025.

Engagement

We will continue to deliver a programme of engagement that influences policy, informs the public and academia and generates top tier media coverage in relation to battery science, gigafactory demand, battery production, supply chains and transport sector electrification, through publishing insights, briefings, consultations, and response to enquiries. We will continue to position our CEO and the senior leadership team for maximum influence in these circles.

Regionally, in recognition of the importance of the North East as a centre of battery research, innovation, skills and production, the Faraday Institution's office at Newcastle University (FINE), leveraging the newly formed North East Battery Alliance, will continue to convene academic researchers, battery manufacturing companies, suppliers and local government, facilitating collaboration and communication.

Internationally, we will work to solidify and formalise our ties with the US research community to define further collaborative research projects. We will, in addition, look to expand our international collaboration efforts through programmes in other geographies, such as Japan, Germany, Chile and Argentina. We will lead the Ayrton Challenge on Energy Storage for the FCD0, a programme to ensure the just and fair transition to fully electric in emerging economies.

Equality, diversity and inclusion (EDI)

We will continue our focus on career development for under-represented groups within the community as well as promoting inclusivity across our activities and community. We will continue to consolidate our learnings and make available across our community resources to support them in EDI aspects. We will also continue to embed EDI principles within all our activities including engagement and our conferences. In addition, we will provide targeted training to support and reinforce EDI across our community.

Financial review

Income for the year was £29.0 million (2023: £34.5 million), primarily from grants. Of this, £25.2 million (2023: £33.2 million) was received from the government-funded Faraday Battery Challenge. In previous years, this grant was paid through the Engineering and Physical Sciences Research Council (EPSRC). However in 2023/24, it was part paid by EPSRC and part by Innovate UK. These grants are paid quarterly, and income is recognised in line with the Faraday Institution's grant income recognition policy.

Further funding was received from other funders as follows:

£0.7 million (2023: £1.1 million) is income recognised in the period from a £5 million grant awarded by the Foreign, Commonwealth and Development Office (FCDO) for the Ayrton Challenge on Energy Storage (ACES). This grant covers the period to 31 December 2026.

Also in the year, £0.07 million (2023: 0.04 million) of income was recognised from the EU STEPS grant, which finished in Sept 2023.

Also during the year, £2.1 million (2023: £0.2 million) of income was recognised from the grant awarded by the Department for Science, Innovation and Technology (DSIT) for a collaborative programme on energy storage topics between researchers in the UK and USA. The total of this grant is £4 million and it runs until 31 March 2025.

£0.6 million (2023: nil) of income was recognised from a new grant awarded by FCDO for a programme of visiting research fellows from Chile and Argentina who will work in the UK on Faraday Institution projects.

A further grant was awarded during 2023/24 to fund a collaboration programme between researchers in the UK and Japan. The total of this grant for 2024/25 is £0.9M

and as it commenced 1 April 2024 no income was recognised during this year.

Investment income in the period was £0.26 million (2023: £0.05 million). In addition, £0.06 million (2023: £0) was generated through sponsorship and exhibitors fees at the annual conference.

Expenditure for the period comprises direct expenses totalling £2.8 million (2023: £3.0 million), grant awards of £29.2 million (2023: £29.4 million) and support costs of £0.9 million (2023: £0.8 million).

The main items of grant expenditure during the year related to the ten major, multi-year research programmes. The awards for these grants cover the period to 31 March 2025 (6 projects) or 30 September 2025 (4 projects).

In addition, new grants were awarded to fund the following other activities:

- Research project grants of £0.5 million as part of the ACES programme,
- an enrichment training programme for PhD researchers,
- 55 internships for undergraduate students,
- 10 Industrial and Entrepreneurial Fellowship grants totalling £0.9 million,
- and 8 Industry Sprint projects totalling £1.8 million.

Payments for these grants are scheduled over the period of the award. In most cases payments are made quarterly in arrears on receipt of invoice of actual costs. According to the Faraday Institution's accounting policy, expenditure is recognised when committed.

Going concern

The Trustees have prepared the accounts on a going concern basis. In making this assumption, the Trustees have considered forecasts of income, expenditure and cash flow over future periods and believe that the organisation has sufficient funds to continue its activities for the foreseeable future. In particular, they have incorporated into the forecasts additional funding of £30 million, which was confirmed by UK Research and Innovation (UKRI) in July 2024. This funding is intended to support the organisation's activities until 31 March 2025.

Reserves policy

The Faraday Institution is funded currently through grants from the Engineering and Physical Sciences Research Council (EPSRC), Innovate UK and through the Foreign, Commonwealth and Development Office (FCDO). The charity intends that all of this funding will be spent on awarding grants or other of its charitable activities in order to ensure it reaches the fullest amount of public benefit achievable with the funds available. The Trustees recognise however that it is necessary to have access to reserves to meet unexpected costs and variations in its expenditure.

From the start of 2023/24, the main provider of the grant funding from the Faraday Battery Challenge to the Faraday Institution changed from being EPSRC to Innovate UK. A consequence of this change in funding is that payments for the grant are now received in arrears rather than in advance and in recognition of the need for the Faraday Institution to have sufficient cash flow and reserves to manage its activities, Innovate UK awarded £7.2 million of this new grant in advance. This amount has been accounted for as deferred income.

Based on the risk profile of the charity, and its ability to manage and forecast cash flow, the Trustees believe this sum provides sufficient reserves to manage the risk. This reserves target is likely to change year-on-year with the payment profiles and will therefore be reassessed on a regular basis.

Fundraising

The majority of funding for the Faraday Institution is derived from grants. The organisation does not carry out any fundraising activities with the general public and no donations are sought from the public, therefore it is not registered with the Fundraising Regulator. The charity had no fundraising activities requiring disclosure under S162A of the Charities Act 2011.

Investment policy

Investment policy only relates to the short-term management of liquid funds as the organisation does not have long-term funds for investment. All funds are managed on a prudent basis and policies ensure that funds are only held with counterparties with a high level of credit worthiness, that sufficient liquidity is maintained at all times and that risk is spread across more than one institution.

Grant awarding policy

The processes for award of grants are defined beforehand by the Trustees or in the case of smaller awards by management of the Faraday Institution and are based on principles of fairness, transparency and good use of public money whilst being proportionate to the level of awards being considered. In most cases, this will involve independent, expert review of grant applications. Details of the process followed to award grants for large projects are available in the Faraday Institution Management Plan on the organisation's website.

Structure, governance and management

Structure, governance and management

The Faraday Institution is a company limited by guarantee, a registered charity and is governed by its Articles of Association. The Trustees, who are also directors and members of the Faraday Institution for the purpose of company law, and who served up to the date of signature of the financial statements, are listed in the legal and administrative information provided at the start of this report.

Trustees are responsible for setting strategy for the Faraday Institution and ensuring that its long-term aims are met. They decide its priorities and direction, monitor risk and develop policies.

Trustees are appointed by the Board of Trustees with an initial term of three years. Trustees may then stand for reappointment with a maximum term of 10 years. On appointment, Trustees are provided with briefing on the duties of Trustees and on the mission and operations of the Faraday Institution to equip them to fulfil their duties as directors. Trustees' meetings are held no less than three times per year. A process for recruitment of future Trustees has been set and is overseen by the People Committee who are responsible for conducting the recruitment process and making recommendations to the Board. Evaluation of Board processes and performance is conducted in order to provide feedback to the Chair and Trustees and enable continuous improvement.

The following committees report to the Board of Trustees:

Audit, Finance and Risk Committee

This committee reviews and reports back to the Trustees on issues relating to audit, financial management and oversight, and risk.

People Committee

This committee reviews and advises the Trustees on issues relating to nominations, remuneration, equality and diversity, recruitment and overall HR policies for the Faraday Institution.

Business Impact Committee

This committee looks at industry's requirements of the Faraday Institution; for example, scientific research areas, understanding strategic challenges for the battery technology industry and developing and delivering active two-way links with industry.

Key management

The key management of the Faraday Institution, who are appointed by the Trustees, are the Chief Executive, the Chief Operating Officer (this role now incorporates the role of Chief Financial Officer as defined within the Articles of Association) and the Chief Scientist. Day-to-day management of the organisation is delegated to the Chief Executive Officer, who has executive responsibility for decisions under the direction of the Trustees. The Chief Operating Officer is responsible to the Trustees for managing the financial risks of the organisation, for financial planning and for financial reporting to the Chief Executive Officer and the Trustees. The Chief Executive Officer and the Chief Scientist, working together, are responsible for leading the organisation's research programme, drawing upon the advice of the Expert Panel as a whole.

Remuneration

Remuneration for key management is determined at the time of appointment based on market assessment and external advice (for example from search companies). The remuneration package is designed to reflect the fact that the organisation is a charity and publicly funded whilst still being sufficient to attract suitably qualified candidates. Pay is reviewed annually. Pay increases for the CEO are determined by the Chair of the Board of Trustees following a review of the CEO's performance.

Pay increases for other staff are determined by the CEO based on individual performance reviews and determined within an overall limit determined by the Board of Trustees. In determining this for 2023/24, the Board considered general pay review published information as well as pay increases for similar organisations.

Changes to the Board of Trustees

During and post year end there were a number of changes to Trustees. After a selection process, two new Trustees were appointed in July 2023 and we were pleased to welcome Lynn Gladden, former Executive Chair of EPSRC and Pro-VC of Research at Cambridge; and Venkat Srinivasan, Director of the Argonne Collaborative Centre for Energy Storage Science, to the Board. In addition, following a selection process for a new prospective Chair of the Board, Sir Steven Cowley was appointed to the Board in April 2024 and was subsequently appointed as Chair of the Board on 16 July 2024. We are very grateful to Peter Littlewood, who stepped down from this position at this date. Peter will continue as a trustee until December 2024 when his term of appointment as trustee expires. Peter has been Chair of the Board and founding trustee of the Faraday Institution since its beginning in September 2017 and he has been instrumental in getting the Faraday Institution to its position today.

Other trustees who stepped down during the period or subsequently are Kristina Edstrom, Maurits Van Tol and Cordelia O'Hara. We thank each of them for their contribution to the Faraday Institution during their terms as trustees.

Statement of Trustees' responsibilities

The Trustees, who are also the directors of the Faraday Institution for the purpose 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 year that give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and 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 statement of recommended practice;

- make judgements and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware, and
- that Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Crowe U.K. LLP was appointed as auditors on 10th July 2019. Crowe U.K. LLP has indicated its willingness to be reappointed as statutory auditor. The trustees' report, incorporating a strategic report, was approved by the Board of Trustees, as the company directors, on 11 December 2024 and signed on its behalf by;



S C Cowley
Trustee

Dated: 11 December 2024

Independent auditor's report to the members of the Faraday Institution

Opinion

We have audited the financial statements of the Faraday Institution for the year ended 31 March 2024 which comprise the Statement of Financial Activities, Statement of Financial Position and Statement of Cash Flows 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 charitable company's affairs as at 31 March 2024 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The Trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report there on 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.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 16, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of 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 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 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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company for fraud. The laws and regulations we considered in this context for the UK operations were Taxation legislation and Employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Audit, Finance and Risk Committee about their own identification and assessment of the risks of irregularities, performing audit procedures over income, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Tara Westcott
Senior Statutory Auditor
For and on behalf of Crowe U.K. LLP
Statutory Auditor
Cheltenham

Dated:

Financial Report

Statement of financial activities

including income and expenditure account for the year ended 31 March 2024

	Notes	Unrestricted funds £	Restricted funds £	Total 2024 £	Unrestricted funds £	Restricted funds £	Total 2023 £
Income from:							
Charitable activities from FBC	3	23,735,734	1,426,609	25,162,343	31,362,000	1,847,401	33,209,401
Charitable activities from DSIT, FCDO + STEPS		–	3,479,902	3,479,902	–	1,277,055	1,277,055
Other trading activities		58,664	–	58,664	–	–	–
Investments	4	262,348	–	262,348	55,062	–	55,062
Total income		24,056,746	4,906,511	28,963,257	31,417,062	3,124,456	34,541,518
Expenditure on:							
Charitable activities	5	27,869,642	1,578,256	29,447,898	30,213,586	1,781,036	31,994,622
Charitable activities- DSIT FCDO + STEPS		–	3,425,577	3,425,577	–	1,277,055	1,277,055
Total Expenditure		27,869,642	5,003,833	32,873,475	30,213,586	3,058,091	33,271,677
Net income for the year/ Net movement in funds		(3,812,896)	(97,322)	(3,910,218)	1,203,476	66,365	1,269,841
Funds balance at 31 March 2023		3,973,007	460,283	4,433,290	2,769,531	393,918	3,163,449
Fund balances at 31 March 2024		160,111	362,961	523,072	3,973,007	460,283	4,433,290

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 page 25 to 39 form part of these financial statements.

Statement of financial position

for the year ended 31 March 2024

		2024	2023
	Notes	£	£
Fixed assets			
Tangible assets	11	140,820	169,435
Current assets			
Debtors	14	16,455,333	725,993
Cash at bank and in hand		7,512,327	22,685,955
		23,697,660	23,411,948
Creditors: amounts falling due within one year	15	23,585,408	19,148,092
Net current assets		382,252	4,263,855
Total assets less current liabilities		523,072	4,433,290
Creditors: Amounts falling after more than one year		-	-
		523,072	4,433,290
Funds			
Restricted funds	16	362,961	460,283
Unrestricted funds		160,111	3,973,007
	17	523,072	4,433,290

The financial statements were approved by the Trustees on and signed on its behalf by



S C Cowley

Trustee

Company Registration No. 10959095

Dated: 11 December 2024

Statement of cash flows

for the year ended 31 March 2024

		2024	2023
	Notes	£	£
Cash flows from operating activities			
Cash generated from/(absorbed by) operations	20	(15,430,000)	7,123,297
Investing activities			
Purchase of tangible fixed assets		(5,975)	(70,109)
Interest received		263,348	55,062
Net cash used in investing activities		(256,373)	(15,047)
Net increase in cash and cash equivalents		(15,173,627)	7,108,250
Cash and cash equivalents at beginning of period		22,685,955	15,577,705
Cash and cash equivalents at end of period		7,512,328	22,685,955

Notes to the financial statements

for the year ended 31 March 2024

1 Accounting policies

Charity information

The Faraday Institution is a private company limited by guarantee incorporated in England and Wales (company number 10959095). The registered office is Suite 4, 2nd floor, Quad One, Becquerel Avenue, Harwell Campus, Didcot, Oxfordshire, OX11 0RA. The Faraday Institution is also a charity registered in England and Wales; charity number 1176500.

1.1 Accounting convention

The financial statements have been prepared under the historical cost convention in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The Charitable Company is a public benefit entity for the purposes of FRS 102 and therefore the Charity prepared its financial statements in accordance with the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The financial statements are presented in sterling, which is the functional currency of the Charity. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. As per our reserves note, UKRI has confirmed that they will provide future funding to 31 March 2026.

The Trustees believe that funding will continue beyond 31 March 2026 and therefore has adopted the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

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

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

1.4 Income

Income is recognised when the Charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Grant funding is included within "Charitable activities". Grant funding may include terms and conditions that must be met before the Charity can receive the grant and may have flexible arrangements that mean that the amount to be received by the Charity cannot be fully determined at the date of award.

In such cases, the income will be recognised at the sooner of receipt of funds or when the event triggering unconditional entitlement occurs and the Charity can reliably measure the income. Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

Notes to the financial statements

1.5 Expenditure

All expenditure is recognised inclusive of irrecoverable VAT on an accruals basis once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required, and the amount of the obligation can be reliably measured. Expenditure is categorised under the following headings:

Expenditure on charitable activities includes the costs of activities undertaken to further the purpose of the Faraday Institution.

Grants payable are recognised when the Charity has a constructive obligation according to the terms of the grant award (this may be before the payment is due).

Support costs are those costs incurred during activities that assist the work of the Charity but are not directly associated with the purpose of the Faraday Institution. Support costs include all or a proportion of back office costs, finance, personnel, payroll and governance costs which support the Faraday Institution's programmes and activities. These are split based on the estimated time spent by staff on the programmes and activities.

1.6 Tangible fixed assets

Tangible fixed assets costing more than £500 or which form part of a group of assets which collectively cost more than £500 are capitalised at initial cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Depreciation is applied from the start of the month following the date at which assets are brought into use and is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives as follows:

Leasehold improvements	Over the life of the lease of ten years
Computers	3 years straight line
Office furniture	3 years straight line
Pool car	3 years straight line

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

1.7 Impairment of fixed assets

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

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

Basic financial assets

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

Basic financial liabilities

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

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

1.10 Employee benefits

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

1.11 Retirement benefits

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

1.12 Leases

Operating lease: rentals are charged and credited to the statement of financial activities.

2 Critical accounting estimates and judgements

In the application of the Charity's accounting policies, the Trustees 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.

Critical judgements

Performance related grants

Income on performance related grants is recognised on a receivable basis, to the extent that income has been received, or is receivable due to the grants expected becoming unconditional and their receipt probable in the foreseeable future.

Grants that are expected but not yet receivable on the basis that certain performance related criteria must be achieved have been excluded from these financial statements. The expected income on which conditions are attached has been disclosed in note 3 to state a true and fair view of the expected income over a period of 3 and half years. Such grants include conditions that may not be certain of being met due to requirements for meeting criteria beyond the control of the charity thereby creating the possibility of the reduction or withdrawal of the expected fund. Accruals for grant expenditure are made based on forecasts of spend for the next quarter.

Notes to the financial statements

3 Charitable activities – Income

	2024	2023
	£	£
Performance related grants - EU STEPS	67,857	39,821
Performance related grants - FCDO ACES	719,139	1,073,372
Performance related grants - FCDO VRF	600,000	-
Performance related grants - DSIT	2,092,906	163,862
Performance related grants - EPSRC	2,982,825	33,209,401
Performance related grants - InnovateUK	22,179,518	
	28,642,245	34,486,456

All income from charitable activities this financial year has come from grants awarded by either Innovate UK or the Engineering and Physical Sciences Research Council (EPSRC) as part of the Faraday Battery Challenge (FBC), from the Foreign, Commonwealth and Development Office, (FCDO), from the Department for Science, Innovation and Technology (DSIT) or from the EU STEPS programme. The funding from the Faraday Battery Challenge was first awarded in 2017 for a three year period and has been extended to the period ended March 2026 with a total of £224 million.

This funding was intended to support the setup costs of the Faraday Institution and to support an application inspired fundamental research programme to develop expertise in battery science and technology research.

These funds include separate streams intended for training activities and in the initial phase, for equipment associated with the Faraday Institution's projects. The equipment and training elements of this award have separate conditions attached and have been identified as restricted funds.

The terms of the grant awards from the Faraday Battery Challenge include provision that the Challenge Director may flex the funding split between research, innovation and scale up based on market conditions and to ensure the optimal balance over time. Since the Faraday Institution represents the research element of the Faraday Battery Challenge, this means that the possibility of flexing of this funding leads to uncertainty over the amount of funds that may be available to the Faraday Institution over the period of the grant award. Grant payments

made through EPSRC are scheduled to be made quarterly to the Faraday Institution according to a profile pre-agreed by EPSRC. Grants made through Innovate UK are paid quarterly in arrears. Given the uncertainty around future funding, in line with the charity's accounting policy on revenue recognition, income from grants has been recognised when it is considered to be unconditional. This is on receipt of the quarterly payment or in the case of the Innovate portion of the grant, at the quarter end.

The FCDO grant is for a total of £5 million over the period commencing 1 April 2023 to 31 March 2026. Payments on this grant are quarterly based on a forecast spend adjusting for actual expenditure in the previous quarter. In line with the charity's accounting policy, income is recognised when it becomes unconditional.

The EU STEPS grant is for a total of up to £400k over the period to 31 September 2023. Payments on this grant are bi-annual based on actual claims submitted and are recognised when the claim is made.

The DSIT grant is for a total of £4 million over the period to 31 March 2025. Payments on this grant are made quarterly in arrears.

As at 31 March 2024, the cumulative total of grants against which the Faraday Institution recognised income in 2023/24 was £204 million (2023: £147 million) against which a cumulative total of £168 million (2023: £142 million) has been recognised as income to date. £28.6 million (2023: £34.5 million) was recognised in the year. The recognised amounts as at period end are shown on page 29.

3 Charitable activities – Income continued

2024	Total recognised £	Restricted £	Unrestricted £
EPSRC Research grant	1,556,216	-	1,556,216
EPSRC Training Grant	1,426,609	1,426,609	-
Innovate UK	22,179,518	-	22,179,518
FCDO ACES	719,139	719,139	-
FCDO VRF	600,000	600,000	-
DSIT US/UK	2,092,906	2,092,906	-
EU Steps	67,857	67,857	-
	<u>28,642,245</u>	<u>4,906,511</u>	<u>23,735,734</u>

2023	Total recognised £	Restricted £	Unrestricted £
EPSRC Research grant	31,362,000	-	31,362,000
EPSRC Training Grant	1,847,401	1,847,401	-
Innovate UK	-	-	-
FCDO ACES	1,073,372	1,073,372	-
FCDO VRF	-	-	-
DSIT US/UK	163,862	163,862	-
EU Steps	39,821	39,821	-
EU STEPS	-	-	-
	<u>34,486,456</u>	<u>3,124,456</u>	<u>31,362,000</u>

Notes to the financial statements

4 Investment income and Other income

	2024	2023
	£	£
Interest receivable	262,348	55,062
Other Trading income - sponsorship from annual conference	58,664	-
Total	321,012	55,062

5 Charitable activities - expenditure

2024		Grants £	Direct costs £	Support costs £	Total £
	Note			(note 7)	
Research projects		27,570,516	1,663,902	567,074	29,801,492
Training		1,624,774	183,406	85,239	1,893,419
Engagement and reports		-	803,814	224,033	1,027,847
Governance	8	-	150,717		150,717
Total		29,195,290	2,801,839	876,346	32,873,475

2023		Grants £	Direct costs £	Support costs £	Total £
				(note 7)	
Research projects		27,473,479	1,778,669	521,527	29,773,675
Training		1,933,886	164,107	81,860	2,179,853
Engagement and reports		-	1,046,277	226,640	1,272,917
Governance	8	-	45,232	-	45,232
Total		29,407,365	3,034,285	830,027	33,271,677

6 Grants payable

	2024	2023
	£	£
Grants to lead institutions		
University of Cambridge	2,401,012	2,290,246
Imperial College London	2,697,750	3,448,682
University of Birmingham	2,956,102	2,575,961
University of Oxford	8,303,268	9,034,215
University of St Andrews	2,726,830	2,856,064
University of Sheffield	3,169,270	3,273,784
University College London	3,706,762	4,003,085
University of Warwick	1,392,388	260,346
University of York	-	251,127
University of Strathclyde	-	152,212
University of Nottingham	-	213,263
University of Surrey	-	137,462
University of Bath	-	63,502
University of Liverpool	-	90,626
University of Swansea	190,554	-
University of Southampton	167,948	-
Entrepreneurial Fellows	591,312	-
Smaller grants	892,094	756,790
	29,195,290	29,407,365

During the period, the charity had started 10 new major grants continuing its research programme into battery related topics. Six of these started in April 2023 and four in October 2023. These grants were each for a period of 2 years. These large grants are all collaborative research programmes involving a number of universities based on a hub and spoke model with one university taking the lead for each project. These grants are awarded subject to a number of terms and conditions and with the ability of the Faraday Institution to withdraw, reduce or reallocate on reasonable notice to better maximise the impact of the Faraday Institution research portfolio or in response to any variation in the funding to the charity. For this reason, the grant awards are only recognised when they are considered to be unconditional. The balance of grant remaining is expected to

be paid quarterly in arrears. Expenditure is recognised in the quarter in which expenditure commences.

Within the period, the charity also awarded five smaller seed grants under its FCDO funded ACES programme each to a single university. These grants have been fully committed and vary in length between 8 and 14 months.

Six Entrepreneurial Fellowship grants (2023: none) were awarded during the period. These last for up to one year and are all fully committed.

The PhD training grants are made to various institutions to fund PhD positions for four years. As the four-year term is beyond the current funding available to the charity, EPSRC has underwritten amounts that would fall due beyond the 31 March 2025.

Notes to the financial statements

7 Support costs

	2024	2023
	£	£
Salaries and other staff costs	278,683	241,319
Recruitment	84,072	4,967
Legal and professional	11,905	132,339
Office costs	481,571	446,950
Travel	20,115	4,452
Total	876,346	830,027

8 Governance

	2024	2023
	£	£
Trustee costs	23,078	17,268
Audit	44,074	18,480
Other accounting costs	83,565	9,484
	<u>150,717</u>	<u>45,232</u>

Governance costs includes payments to the auditors of £16,500 (2023: £15,400) excluding VAT, in respect of statutory audit fees (2023: £15,400). Audit fees include both statutory audit costs and the cost of audits to meet funder requirements. Other accounting costs include costs of the Faraday Institution's audit of its research grants conducted on its behalf by KPMG.

9 Trustees

None of the Trustees (or any persons connected with them) received any remuneration or benefits from the Company during the period for their work as Trustees. Four Trustees were reimbursed for travel expenses during the period. The reimbursements totalled £6,072 (2023: two Trustees £17,268).

Notes to the financial statements

10 Employees

	2024	2023
Number of employees		

The average monthly number employees during the period was:	<u>25</u>	<u>22</u>
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	2024	2023
Employment costs	£	£
Interim staff salaries	78,763	73,691
Wages and salaries	1,599,298	1,475,289
Social security costs	192,549	187,029
Other pension costs	208,952	112,086
	<u>2,079,562</u>	<u>1,848,095</u>

	2024	2023
The number of employees whose annual remuneration was £60,000 or more were:	£	£
£60,001 to £70,000	3	3
£100,001 to £110,000	3	2
£110,001 to £120,000	-	1
£120,001 to £130,000	1	1
£150,001 to £160,000	1	-
£160,001 to £170,000	-	1
£180,001 to £190,000	1	1

	2024	2023
Remuneration of key management personnel	£	£

The remuneration of key management personnel is as follows.

Aggregate compensation	<u>346,569</u>	<u>325,455</u>
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11 Tangible fixed assets

	Leasehold improvements £	Computers £	Office furniture £	Pool car £	Total £
Cost					
Balance at 1 April 2023	218,941	65,483	87,842	34,552	406,818
Additions	–	5,975	–	–	5,975
Balance at 31 March 2024	218,941	71,458	87,842	34,552	412,793
Accumulated Depreciation					
Balance at 1 April 2023	(83,937)	(51,718)	(81,594)	(20,134)	(237,383)
Charge for the year	(21,750)	(10,013)	(1,338)	(1,489)	(34,590)
Balance at 31 March 2024	(105,687)	(61,731)	(82,932)	(21,623)	(271,973)
Net book value at 31 March 2024	113,254	9,727	4,910	12,929	140,820
Net book value at 31 March 2023	135,005	13,765	6,247	14,418	169,435

	2024 £	2023 £
Financial assets measured at amortised cost (a)	23,750,579	23,342,316
Financial liabilities measured at amortised cost (b)	23,533,689	19,097,577

(a) Financial assets measured at amortised cost include cash, other debtors and accrued income

(b) Financial liabilities measured at amortised cost include other creditors, all accruals and finance leases

Notes to the financial statements

13 Cash and cash equivalents

	2024	2023
	£	£
Cash	6,285,246	15,562,354
Short-term bank deposits	1,227,082	7,123,601
Total	<u>7,512,328</u>	<u>22,685,955</u>

14 Debtors

	2024	2023
Amounts falling due within one year	£	£
Other debtors	831,880	110,184
Prepayments and accrued income	15,623,453	615,809
Total	<u>16,455,333</u>	<u>725,993</u>

The higher level of prepayments and accrued income in 2024 is due to the difference in payment terms between the Innovate UK grant which is paid quarterly in arrears and the previous terms under the EPSRC research grant which was paid in advance.

15 Creditors

	2024	2023
Amounts falling due within one year	£	£
Taxation and social security	54,343	73,085
Other creditors	17,671	167,552
Trade creditors – grants	4,483,053	153,193
Deferred Income	7,200,000	7,200,000
General accruals	118,228	88,829
Accruals for grants payable	11,712,113	11,465,433
Total	<u>23,585,408</u>	<u>19,148,092</u>

Deferred income of £7.2 million is as an advance payment paid as part of the Innovate UK grant to ensure the charity has sufficient funds to meet its commitments and is a prepayment of the last quarter payment due for the quarter ending 31 March 2025.

16 Restricted funds

	UKRI equipment grant	UKRI training grant	FCDO grant	FCDO VRF	DSIT grant	EU STEPS grant	Total
Opening balance 1st April 2023	72,918	387,365	-	-	-	-	460,283
Incoming resources	-	1,426,609	719,139	600,000	2,092,906	67,857	4,906,511
Resources expended	-	(1,578,256)	(1,010,244)	(600,000)	(1,747,476)	(67,857)	(5,003,833)
Balance at 31 March 2024	<u>72,918</u>	<u>235,718</u>	<u>(291,105)</u>	<u>-</u>	<u>345,430</u>	<u>-</u>	<u>362,961</u>
Opening balance 1st April 2022	72,918	321,000	-	-	-	-	393,918
Incoming resources	-	1,847,401	1,073,372	-	163,862	39,821	3,124,456
Resources expended	-	(1,781,036)	(1,073,372)	-	(163,862)	(39,821)	(3,058,091)
Balance at 31 March 2023	<u>72,918</u>	<u>387,365</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>460,283</u>

17 Analysis of net assets between funds

	Unrestricted £	Restricted £	Total £
Fund balances at 31 March 2024 are represented by:			
Tangible assets	140,820	-	140,820
Net current assets	19,291	362,961	382,252
Carried over	<u>160,111</u>	<u>362,961</u>	<u>523,072</u>
Fund balances at 31 March 2023 are represented by:			
Tangible assets	169,435	-	169,435
Net current assets	3,803,572	460,283	4,263,855
	<u>3,973,007</u>	<u>460,283</u>	<u>4,433,290</u>

Notes to the financial statements

18 Operating lease commitments

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

	2024	2023
	£	£
Within one year	206,692	188,111
Between two and five years	603,439	158,764
	<u>810,131</u>	<u>346,875</u>

The operating lease in respect of the rental of Quad 1, Harwell is a 10-year lease ending January 2028 with a break clause January 2025. The rentals increase each year using the RPI index.

19 Related party transactions

Professor Sir Peter Bruce was appointed as Chief Scientist of the Faraday Institution on 22 January 2018 for a term of three years. In this role, he serves as Chair of the Expert Panel. In addition to his role as Chief Scientist, Professor Bruce is the Wolfson Professor of Materials at the University of Oxford. In this capacity, he was the grant holder for the solid-state battery research project awarded by the Faraday Institution in February 2018. This grant was for up to £10,901,879 of which a total of £10,724,626 was recognised up to March 2021. A follow-on grant for this project was issued in 2021 for 2 years for £5,320,543. In 2023 the project was extended for a further 2 years, ending March 2025 for £5,497,510. At this point, Professor Mauro Pasta became Principal Investigator of the project. At 31st March 2024 £5,056,073 was recognised on the first follow-on grant and £2,288,200 on the second. The grant was awarded through a competitive process whereby bids were assessed and selected by an independent panel.

20 Reconciliation of cash flow from operating activities

	2024	2023
	£	£
(Deficit)/Surplus for the period	(3,910,218)	1,269,841
Adjustments for:		
Depreciation of fixed assets	34,590	26,278
Investment income recognised in statement of financial activities	(262,348)	(55,062)
Movements in working capital:		
(Increase) in debtors	(15,729,340)	(18,527)
Increase in creditors	4,437,316	5,900,767
Cash (absorbed by)/generated from operations	(15,430,000)	7,123,297

The Faraday Institution
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THE FARADAY INSTITUTION

England & Wales - Charity number 1176500

Accounts

Trustees and Strategic Report



Legal and administrative information

Trustees

P B Littlewood	C O'Hara
S Heidari-Robinson (resigned 13 March 2023)	J P Pikunic
E K Edström (resigned 22 November 2023)	I Sheldon
E Hills	S M Spearing
M Newman	M van Tol (resigned 6th November 2023)
L Gladden (appointed 3 July 2023)	H Kirner
V Srinivasan (appointed 3 July 2023)	

Secretary

S M Robertson

Charity number

1176500

Registered in England and Wales

Company number

10959095

Registered in England and Wales

Registered office

Suite 4
2nd floor
Quad One
Becquerel Avenue Harwell Campus
Didcot
Oxfordshire OX11 0RA

Auditor

Crowe U.K. LLP
4th Floor
St James House
St James Square
Cheltenham GL50 3PR

Bankers

Barclays Bank
Marcham Road
Abingdon
Oxfordshire OX14 1UB

Solicitors

DAC Beachcroft
100 Fetter Lane
London EC4A 1BN

Key Management

Chief Executive Officer

Pam Thomas

Chief Operating Officer

Susan Robertson

Chief Scientist

Peter Bruce

Website

www.faraday.ac.uk

The Trustees are pleased to present the annual report and financial statements for the Faraday Institution for the period ending 31 March 2023. The document has been prepared to meet the requirements for a strategic and a directors' report and accounts for Companies Act purposes as well as to meet the reporting requirements of the Charity Commission.

The financial statements have been prepared in line with the accounting policies set out in note 1 to the financial statements and comply with the Charities Act 2011, the Companies Act 2006, Articles of Association of the company, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the UK and Republic of Ireland (FRS102) as amended for accounting periods commencing from 1 January 2016.

Objective and activities

The Faraday Institution's Articles of Association sets out its objectives as follows:

'The advancement of science and education and the advancement of environmental protection or improvement for the public benefit by engaging in, encouraging, supporting and exploiting, by whatever means, high-quality research, and related training and policy advice, in energy capture, conversion and storage, with a view to securing outcomes which will add to scientific knowledge, deliver environmental benefits in terms of decarbonisation and improved air quality and benefit the life, health and well-being of humankind.'

The Faraday Institution carries out these objectives through:

- Leading battery research through collaborative, university-led programmes
- Developing early career scientists and engineers, PhD researchers and undergraduates to meet the future growing needs of UK battery research
- Conducting independent economic analysis on energy storage related topics important to policymakers, industry, and the UK public

- Arranging engagement activities for the purpose of attracting new participants to fields related to energy storage research and to educate general and specific audiences
- Identifying and facilitating commercial pathways for battery related innovations arising from the research programme

The Trustees have considered the guidance issued by the Charity Commission on public benefit when reviewing the organisation's aims and planning its future activities and believe that these activities fulfil this requirement.

Strategic report

The Faraday Institution is the UK's independent institute for electrochemical energy storage research, skills development, market analysis, and early-stage commercialisation.

Bringing together expertise from universities and industry, and predominantly funded by UKRI's Faraday Battery Challenge delivered by Innovate UK, the Faraday Institution endeavours to make the UK the go-to place for the research, development, manufacture, and production of new electrical storage technologies for both the automotive and the wider relevant sectors.

As a national programme and a delivery partner for UKRI's Faraday Battery Challenge, the Faraday Institution is focused on accelerating breakthroughs in energy storage technologies to benefit the UK in the global race to electrification. It funds and actively manages application-inspired research in electrochemical energy storage through large-scale university-based research projects. The most promising emerging research will be developed for real-world use through the pipeline of innovation and application established through the UK Research and Innovation (UKRI) Faraday Battery Challenge (FBC) delivered by Innovate UK.

The Faraday Institution also represents a collaborative, multidisciplinary research community, bringing scientists and engineers together across the UK on projects to reduce battery cost, weight, and volume; improve performance and reliability; develop scalable designs; improve manufacturing; develop whole-life strategies from mining to recycling to second use; and accelerate commercialisation.

The Faraday Institution has key roles to play in other areas to ensure this electrification transition goes smoothly and maximises the impact for the UK. These include efforts to inform policy through the publication of commissioned studies, responses to government consultations and parliamentary inquiries; briefings associated with Faraday Insights publications; STEM outreach and educational programmes to bring up the next generations of energy storage researchers; and broad reskilling efforts to identify and rectify the effects of electrification on the workforce in the auto sector and its wider value chain.

The Faraday Institution collaborates with various partners and organisations in its endeavours. Alongside fellow members of the

UKRI's FBC, it actively engages with Innovate UK on commercial R&D projects related to batteries and energy storage, as well as the UK Battery Industrialisation Centre (UKBIC).

Furthermore, it forges strategic partnerships and alliances with research and technology organisations, national facilities, government departments, charitable institutions, industry leaders, and academic institutions. With the Auto Council, the Faraday Institution spearheaded the establishment of a national framework for electrification-related skills, aimed at revitalising both regional and national workforce development. This initiative will be carried forward by the UKRI's FBC and delivery partners to provide education and training for skilled workers, concurrently creating new and expanded employment opportunities.

Beyond these UK activities, the Faraday Institution participates in international collaborations and engagements. The organisation has also received funding from the Foreign, Commonwealth and Development Office (FCDO) to enable research into energy storage for emerging economies as well as participation in various international activities such as the Global Battery Alliance and the World Bank's Energy Storage Partnership. This funding was renewed in 2022 until 31 March 2026. Under this renewed funding, the Faraday Institution will assume leadership of the Ayrton Challenge on Energy Storage (ACES); one of its thematic challenge programmes. The Ayrton Fund is a £1 billion UK government development fund to accelerate the clean energy transition in developing countries by making clean energy options the most affordable, accessible and attractive. This supports Sustainable Development Goal (SDG) 7 (Affordable and Clean Energy) and SDG13 (Climate Action).

Further funding was awarded to the Faraday Institution in 2022 by the Department of Business, Energy and Industrial Strategy (BEIS) (now the Department of Science, Innovation and Technology (DSIT)) for a programme of collaborative research between the UK and USA, which will run until 31 March 2025. In addition, the Faraday Institution continued

its participation in the EU funded STEPS programme, a new business support programme for energy storage companies within North-West Europe, launched in January 2021.

Details of these activities are set out in Part I of our annual report, which is published at www.faraday.ac.uk.

Principal risks and mitigations

The Faraday Institution has a formal risk management process that takes inputs from executives, the Audit, Finance and Risk Committee and the Board of Trustees. The process includes regular reviews as well as an annual workshop with participation from stakeholders and Faraday Institution management.

The risk register is updated regularly and reviewed with the Board and the Audit, Finance and Risk Committee.

Key risks for the Faraday Institution

As the Faraday Institution is funded by fixed term grants, future funding is a significant risk for the Faraday Institution. Funding through the main grant from the Faraday Battery Challenge delivered by Innovate UK, which includes funding for the core activities and for the headquarters staff, is confirmed until 31 March 2025. The work of the Faraday Institution is intended to be long term and having uncertainty on longer term funding makes it difficult to plan and make commitments over the required timescales as well as leading to risk of researcher flight. This risk is mitigated through careful management of finances and commitments and appropriate communication across the research community which the Faraday Institution funds.

A further risk is linked to the lack of a mature battery industry and supply chain for battery materials within the UK. This risk is addressed through its work in convening of key stakeholders and participants in the battery industry, engagement within the wider Faraday Battery Challenge and through its informed insights and briefings.

An ongoing risk for the organisation is its ability to deliver research programmes that successfully meet its aims. The Faraday Institution applies a model of programme management that is designed to balance between not over burdening research projects, but which enables the research to be commercially relevant. This model involves active engagement with industry to identify key challenges, defines a process for the management of the research programmes, and benefits from the input of its Expert Panel of leading industry and academic experts who review the progress of the research programmes and advise the Trustees accordingly.

Recruitment and retention of researchers sufficient to meet the programme requirements is also considered a risk. During the financial year, the Faraday Institution undertook a review and renewal process to refresh its research projects and set funding for the continuation of its programmes starting in 2023/24. During this process, which inevitably leads to uncertainty for researchers, the Faraday Institution sought to maintain good communications with the project research teams to minimise this uncertainty. Going into 2023/24, this process has been completed, however there is a high demand for battery researchers both in the UK and overseas and so there is a risk of losing researchers to other opportunities.

In addition, delays in getting visas for researchers recruited from overseas has led to some delays in filling posts. The Faraday Institution seeks to mitigate this risk by ensuring good development opportunities and training programmes are in place for its researchers. Whilst the Faraday Institution seeks to retain and attract good candidates for its research programmes, movement of researchers from its programmes to further careers within the battery industry are considered by the Trustees as being a positive support for this growing industry in the UK and in line with its objectives.

The Faraday Institution manages its financial risk through a robust process of planning and budgetary control with oversight from the Audit, Finance and Risk Committee and the Board of Trustees who review the financial position of the organisation at each Board meeting. The Trustees ensure that commitments for future expenditure are made prudently with due consideration of the financial resources available.

The key processes and controls adopted by the organisation are designed to be fit for purpose and efficient whilst providing appropriate financial controls and sound management processes that are consistent with the principles of the Government's 'Managing Public Money' and value for money. The organisation reviews and monitors these and updates as appropriate.

Achievements, performance and success criteria in 2022/2023

The Faraday Institution has now completed its fifth year and continues to deliver on its mission to enable breakthroughs in energy storage for the UK.

The research community now includes over 500 scientists and engineers across 27 UK universities, continuing the Faraday Institution's effort to convene a robust community in different energy storage related disciplines to solve key challenges.

The Faraday Institution research programme spans ten major research projects in lithium-ion and beyond lithium-ion technologies, projects focused on topics to benefit emerging economies (funded by Foreign Commonwealth and Development Office through its Transforming Energy Access programme) and a set of 14 further seed projects to help identify future research priorities. Anticipating the end of some of the research projects, in 2022 the organisation began the important process of reshaping its research programme to ensure the UK remains in a steadfast position to lead for the longer term. This process, which began in February 2022 with a comprehensive review by the Expert Panel of the status of the research and the opportunities, was completed in 2022/23.

The Faraday Institution North East regional office, working with Newcastle University, launched the North East Battery Alliance, which includes membership from the region's universities, local government, and industry. Internationally, the Faraday Institution started a programme of joint research following the signing of a memorandum of understanding with the US Department of Energy's National Renewable Energy Laboratory in June 2022. This collaboration is to conduct joint research in cathode materials and recycling to accelerate discovery in areas that might reduce dependency on critical minerals.

The quality of the academic work of these projects is indicated by the substantial number of papers in leading publications:

- 64.6% in the top 10% of journals
- 91.5% in the top quartile journals
- 47.5 % in the top 10% most cited publications worldwide

In line with the maturity of the research projects, the Faraday Institution commercialisation activities have continued to gain traction over the course of 2022/23. At present, the Faraday Institution has grown the number of relationships with industrial

partners to at least 120. The commercialisation activities have also led to additional grants being awarded. These included 16 awarded Industrial Fellowships and 14 Sprint projects to-date, which are designed to target real-world solutions with industrial partners. In addition, 2 entrepreneurial fellowships were awarded during the year, bringing the total to 9. There has also been an increase in the level of intellectual property being developed with 40 inventions identified, 18 patents filed and 7 published.

The series of Faraday Insights has continued to provide meaningful evidence-based assessment of the market, economics, technology and capabilities for energy storage technologies and the transition to a fully electric UK for government, academic and industry stakeholders. To date, 18 have been published. Because of their high quality, these insights and reports are included in GO-Science's EmTech Resource Library, which is a library of hundreds of technology reports available for use by teams across government in order to facilitate knowledge sharing across departments and offices. An update to the report "UK Electric Vehicle and Battery Production Potential to 2040" was published this year, along with a report on "Techno-Economic Analysis of Battery Energy Storage for Reducing Fossil Fuel Use in Sub-Saharan Africa". The Faraday Institution submitted written evidence for the House of Lords Science and Technology Committee inquiry into the Government's plans to deliver a UK science and technology strategy.

In relation to its PhD training, the terms of the Faraday Institution's funding did not allow for it to fund a new cohort of PhDs in 2023. To ensure that there continues to be a quality training programme for battery researchers, the Faraday Institution developed an enrichment programme to be made available by an application process to eligible PhD students with 16 places being available from October 2023. To date 85 PhD students have benefitted from the Faraday Institution's training with a further 100+ PhD researchers being affiliated through the Faraday Institution's major research projects. These affiliated students are also able to benefit from a training budget as well as through participation in the Faraday Institution's

main and Early Career conferences and related networking and career development activities. 100% of its first cohort of PhD researchers has graduated and are moving on into energy storage careers within industry, analyst or academic roles.

In addition, in the summer of 2023, the FUSE internship programme enabled 53 undergraduate students to benefit from a battery science internship working alongside Faraday Institution researchers, bringing the total since 2018 to 258. A number of these former interns are now working as PhD researchers in Faraday Institution research projects.

In September 2023, the University of Birmingham played host to the Faraday Institution Conference, drawing a gathering of more than 500 delegates. The event featured 71 speakers across nine curated thematic sessions. The conference welcomed participants from diverse backgrounds, extending invitations to academics engaged in both Faraday Institution initiatives and broader academic circles, as well as key stakeholders from the UK's battery industry and government. The event showcased 21 exhibitors from UK companies, further enhancing the collaborative and informative atmosphere.

Aims, objectives and success criteria for 2023/2024

Research programmes

We will continue to actively manage our research portfolio, to ensure its strength in high quality and highly cited publications continues and that we deliver significant impacts from each project.

In 2023/24, having undertaken a comprehensive review and reshaping of our major research projects to ensure the UK remains in a strong position to lead for the longer term, the Faraday Institution will commence activities under the reshaped programme. Six of the ten reshaped projects started in April 2023 and the remaining four in October. In addition, a new grant to manufacture pouch cells for the research projects has been awarded (which is being managed as part of the Degradation project) and will commence in April 2023.

Commercialisation

We will continue to deliver impact by working closely with our research project investigators to protect emerging intellectual property through patents and commercialising technology through academic and industrial partnerships. We will continue to focus on those projects that have clear nearer-term market impacts (battery modelling), and those where the UK is well-placed to take a leading position such as in sodium-ion, recycling, and solid-state batteries.

Our investment to bolster academic and industrial partnerships will continue in the form of Industrial Sprints, Industrial Fellowships and Entrepreneurial Fellowships, with a goal to accelerate commercially relevant research to the marketplace.

Funding

Whilst funding is in place to fund the main activities of the Faraday Institution, the organisation will continue to look for complementary and relevant funding through other sources, in support of international battery collaboration and research.

In addition, the Faraday Institution intends to work with its main funders to develop a sustainable funding programme that will seek to reduce the negative aspects of current short-term funding cycles.

Skills training

We will deliver the enrichment programme for PhD training and will support PhD CDT (Centre for Doctoral Training) applications for battery related PhDs with relevant and high-quality training.

We will continue our summer internship programme for undergraduates, providing research experiences in energy storage topics at our universities.

Finally, for early career researchers, we will continue to support their professional development and following the success of our first Early Career Researcher conference will host a further conference in early 2024. After hosting our main conference in September 2023 on a greater scale than previously held, we will again bring together key stakeholders in the fields of battery research at the next conference in September 2024 in Newcastle.

Engagement

We will continue to deliver a programme of engagement that influences policy, informs the public and academia and generates top tier media coverage in relation to battery science, gigafactory demand, battery production, supply chains and transport sector electrification, through publishing insights, briefings, consultations, and response to enquiries. We will continue to position our CEO and the senior leadership team for maximum influence in these circles.

Regionally, in recognition of the importance of the North East as a centre of battery research, innovation, skills and production, the Faraday Institution's office at Newcastle University (FINE), leveraging the North East Battery Alliance, will help to convene academic researchers, battery manufacturing companies, suppliers and local government, facilitating collaboration and communication.

Internationally, we will work to solidify and formalise our ties with the US research community, building upon the successful virtual workshop in the previous year, to define collaborative research projects. We will in addition look to expand our international collaboration efforts through programmes in other geographies, such as Japan, Chile and Argentina. We will lead the Ayrton Challenge on Energy Storage for the FCDO, a programme to ensure the just and fair transition to fully electric in emerging economies.

Equality, diversity and inclusion (EDI)

We will continue our focus on career development for under-represented groups within the community as well as leadership training in EDI. We will continue to consolidate our learnings and make available across our community resources to support them in EDI initiatives. We will also continue to embed EDI principles within all our activities including engagement and our conferences. In addition, we will provide targeted training to support and reinforce EDI across our community.

Financial review 2022/23

Income for the year was £34.5million (2022: £30.2 million), primarily from grants. Of this, £33.2 million (2022: £29.3million) was received from UKRI. This grant is paid quarterly, and income is recognised in line with the Faraday Institution's grant income recognition policy. A further £1.0 million (2022: £0.9 million) is income recognised in the period from a £3 million grant awarded by the Foreign, Commonwealth and Development Office, FCDO. This grant covers the period to 31 March 2023. Also, in the year was £0.04 million (2022: 0.02 million) of income recognised from the EU STEPS programme, which runs through to Sept 2023 and is paid every 6 months in arrears. Also, during the year, £0.2 million (2022:nil) of income was recognised from a new grant awarded by the Department for Science, Innovation and Technology. The total of this grant is £4 million and it runs until 31 March 2025. Investment income in the period was £0.05 million (2022: £3k).

Expenditure for the period comprises direct expenses totalling £3.0 million (2022: £2.3 million), grant awards of £29.4 million (2022: £25.4 million) and support costs of £0.8 million (2022: £0.8 million).

The main items of grant expenditure during the year related to the ten major, multi-year research programmes. The awards for these grants cover the period to 31 March 2023 (5 projects) or 30 September 2023 (5 projects).

New grants awarded during the year included awards for a study and seed call intended to support future research scoping, a fifth cohort of PhD students and various smaller grants including Fellowships and Sprint projects. Payments for these grants are scheduled over the period of the award. In most cases payments are made quarterly in arrears on receipt of invoice of actual costs. According to the Faraday Institution's accounting policy, expenditure is recognised when committed.

Going Concern

The Trustees have prepared the accounts on a going concern basis. In making this assumption, the Trustees have considered forecasts of income, expenditure and cashflow over future periods and believe that the organisation has sufficient funds to continue its activities for the foreseeable future. In particular, they have incorporated into the forecasts additional funding of £87.5 million, which was confirmed by UKRI in July 2022 and announced in October 2022. This funding is intended to support the organisation's activities until 31 March 2025.

Reserves Policy

The Faraday Institution is funded currently through grants from the UK Research and Innovation (UKRI) and through the Foreign, Commonwealth and Development Office (FCDO). The charity intends that all of this funding will be spent on awarding grants or other of its charitable activities in order to ensure it reaches the fullest amount of public benefit achievable with the funds available. The Trustees recognise however that it is necessary to have access to reserves to meet unexpected costs and variations in its expenditure. From the start of 2023/24, the main grant funding from the Faraday Battery Challenge to the Faraday Institution was changed from being provided through EPSRC to Innovate UK. A consequence of this change in funding is that payments for the grant are now received in arrears rather than in advance and in recognition of the need for the Faraday Institution to have sufficient cashflow and reserves to manage its activities, Innovate UK awarded £7 million of this new grant in advance. This combined with other advance payments meant that at 31 March 2023, the Faraday Institution had a reserves balance of £4 million.

Based on the risk profile of the charity, and its ability to manage and forecast cashflow, the Trustees believe this sum provides sufficient reserves to manage the risk. This reserves target is likely to change year on year with the payment profiles and will therefore be re-assessed on a regular basis.

Fundraising

All funding for the Faraday Institution is derived from grants. The organisation does not carry out any fundraising activities with the general public and no donations are sought from the public, therefore it is not registered with the Fundraising Regulator. The charity had no fundraising activities requiring disclosure under S162A of the Charities Act 2011.

Investment policy

Investment policy only relates to the short-term management of liquid funds as the organisation does not have long-term funds for investment. All funds are managed on a prudent basis and policies ensure that funds are only held with counterparties with a high level of credit worthiness, that sufficient liquidity is maintained at all times and that risk is spread across more than one institution.

Grant awarding policy

The processes for award of grants are defined beforehand by the Trustees or in the case of smaller awards by management of the Faraday Institution and are based on principles of fairness, transparency and good use of public money whilst being proportionate to the level of awards being considered. In most cases, this will involve independent, expert review of grant applications. Details of the process followed to award grants for large projects are available in the Faraday Institution Management Plan on the organisation's website.

Structure, governance and management

Structure, governance and management

The Faraday Institution is a company limited by guarantee, a registered charity and is governed by its Articles of Association. The Trustees, who are also directors and members of the Faraday Institution for the purpose of company law, and who served up to the date of signature of the financial statements, are listed in the legal and administrative information provided at the start of this report.

Trustees are responsible for setting strategy for the Faraday Institution and ensuring that its long-term aims are met. They decide its priorities and direction, monitor risk and develop policies.

Trustees are appointed by the Board of Trustees with an initial term of three years. Trustees may then stand for reappointment with a maximum term of 10 years. On appointment, Trustees are provided with briefing on the duties of Trustees and on the mission and operations of the Faraday Institution to equip them to fulfil their duties as directors.

Trustees' meetings are held no less than three times per year. A process for recruitment of future Trustees has been set and is overseen by the People Committee who are responsible for conducting the recruitment process and making recommendations to the Board. Evaluation of Board processes and performance is conducted in order to provide feedback to the Chair and Trustees and enable continuous improvement.

The following committees report to the Board of Trustees:

Audit, Finance and Risk Committee

This committee reviews and reports back to the Trustees on issues relating to audit, financial management and oversight, and risk.

People Committee

This committee reviews and advises the Trustees on issues relating to nominations, remuneration, equality and diversity, recruitment and overall HR policies for the Faraday Institution.

Business Impact Committee

This committee looks at industry's requirements of the Faraday Institution; for example, scientific research areas, understanding strategic challenges for the battery technology industry and developing and delivering active two-way links with industry.

Key Management

The key management of the Faraday Institution, who are appointed by the Trustees, are the Chief Executive Officer, the Chief Operating Officer (this role now incorporates the role of Chief Financial Officer as defined within the Articles of Association) and the Chief Scientist. Day-to-day management of the organisation is delegated to the Chief Executive Officer, who has executive responsibility for decisions under the direction of the Trustees. The Chief Operating Officer is responsible to the Trustees for managing the financial risks of the organisation, for financial planning and for financial reporting to the Chief Executive Officer and the Trustees. The Chief Executive Officer and the Chief Scientist, working together, are responsible for leading the organisation's research programme, drawing upon the advice of the Expert Panel as a whole.

Remuneration

Remuneration for key management is determined at the time of appointment based on market assessment and external advice (for example from search companies). The remuneration package is designed to reflect the fact that the organisation is a charity and publicly funded whilst still being sufficient to attract suitably qualified candidates. Pay is reviewed annually. Pay increases for the CEO are determined by the Chair of the Board of Trustees following a review of the CEO's performance.

Pay increases for other staff are determined by the CEO based on individual performance reviews and determined within an overall limit determined by the Board of Trustees. In determining this for 2022/23, the Board considered general pay review published information as well as pay increases for similar organisations.

Changes to the Board of Trustees

During and post year end there were a number of changes to Trustees. After a selection process, two new Trustees were appointed in July 2023 and we were pleased to welcome Lynn Gladden, former Executive Chair of EPSRC and Pro-VC of Research at Cambridge; and Venkat Srinivasan, Director of the Argonne Collaborative Centre for Energy Storage Science, to the Board. In addition, Stephen Heidari-Robinson, one of the founders of the organisation, stepped down as Trustee, Vice Chair and Chair of the Audit, Risk and Finance committee on 13 March 2023. Maurits van Tol and Kristina Edström stepped down as Trustees on 6 November 2023 and 22 November 2023 respectively. We are very grateful to all their contributions to the organisation.

Statement of Trustees' responsibilities

The Trustees, who are also the directors of the Faraday Institution for the purpose 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 year that give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and 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 statement of recommended practice;

- make judgements and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware, and
- that Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Crowe U.K. LLP was appointed as auditors on 10th July 2019. Crowe U.K. LLP has indicated its willingness to be reappointed as statutory auditor. The trustees' report, incorporating a strategic report, was approved by the Board of Trustees, as the company directors, on 13 December 2023 and signed on its behalf by;



P B Littlewood
Trustee

Dated: 13 December 2023

Independent auditor's report to the members of the Faraday Institution

Opinion

We have audited the financial statements of the Faraday Institution for the year ended 31 March 2023 which comprise the Statement of Financial Activities, Statement of Financial Position and Statement of Cash Flows 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 charitable company's affairs as at 31 March 2023 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The Trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report there on 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.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 15, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of 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 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 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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR), Anti-fraud, bribery and corruption legislation, Health and safety legislation, Taxation legislation, Employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Audit, Finance and Risk Committee about their own identification and assessment of the risks of irregularities, performing audit procedures over income, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Tara Westcott
Senior Statutory Auditor For and on behalf of
Crowe U.K. LLP
Statutory Auditor
Cheltenham

Dated: 14 December 2023

Financial Report

Statement of financial activities

including income and expenditure account for the year ended 31 March 2023

	Notes	Unrestricted funds £	Restricted funds £	Total 2023 £	Unrestricted funds £	Restricted funds £	Total 2022 £
Income from:							
Charitable activities from UKRI	3	31,362,000	1,847,401	33,209,401	27,572,710	1,701,750	29,274,460
Charitable activities from DSIT, FCDO + STEPS			1,277,055	1,277,055		945,620	945,620
Investments	4	55,062		55,062	2,902		2,902
Total income		31,417,062	3,124,456	34,541,518	27,575,612	2,647,370	30,222,982
Expenditure on:							
Charitable activities UKRI	5	30,213,586	1,781,036	31,994,622	26,002,329	1,476,529	27,478,858
Charitable activities- DSIT, FCDO + STEPS			1,277,055	1,277,055		945,620	945,620
Total expenditure		30,213,586	3,058,091	33,271,677	26,002,329	2,422,149	28,424,478
Net income for the year/ Net movement in funds		1,203,476	66,365	1,269,841	1,573,283	225,221	1,798,504
Funds balance at 31 March 2022		2,769,531	393,918	3,163,449	1,196,248	168,697	1,364,945
Fund balances at 31 March 2023		3,973,007	460,283	4,433,290	2,769,531	393,918	3,163,449

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 page 23 to 37 form part of these financial statements.

Statement of financial position

for the year ended 31 March 2023

		2023	2022
	Notes	£	£
Fixed assets			
Tangible assets	11	169,435	125,604
Current assets			
Debtors	14	725,993	707,465
Cash at bank and in hand		22,685,955	15,577,705
		23,411,948	16,285,170
Creditors: amounts falling due within one year	15	19,148,092	13,247,325
Net current assets		4,263,855	3,037,845
Total assets less current liabilities		4,433,290	3,163,449
Creditors: Amounts falling after more than one year		-	-
		4,433,290	3,163,449
Funds			
Restricted funds	16	460,283	393,918
Unrestricted funds		3,973,007	2,769,531
	17	4,433,290	3,163,449

The financial statements were approved by the Trustees on and signed on its behalf by



P B Littlewood

Trustee

Company Registration No. 10959095

Dated: 13 December 2023

Statement of cash flows

for the year ended 31 March 2023

		2023	2022
	Notes	£	£
Cash flows from operating activities			
Cash generated from/(absorbed by) operations	20	7,123,297	795,394
Investing activities			
Purchase of tangible fixed assets		(70,109)	(12,252)
Interest received		55,062	2,902
Net cash used in investing activities		(15,047)	(9,350)
Net increase in cash and cash equivalents		7,108,250	786,044
Cash and cash equivalents at beginning of period		15,577,705	14,791,661
Cash and cash equivalents at end of period		22,685,955	15,577,705

Notes to the financial statements

for the year ended 31 March 2023

1 Accounting policies

Charity information

The Faraday Institution is a private company limited by guarantee incorporated in England and Wales (company number 10959095). The registered office is Suite 4 2nd floor, Quad One, Becquerel Avenue, Harwell Campus, Didcot, Oxfordshire, OX11 0RA. The Faraday Institution is also a charity registered in England and Wales; charity number 1176500.

1.1 Accounting convention

The financial statements have been prepared under the historical cost convention in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The Charitable Company is a public benefit entity for the purposes of FRS 102 and therefore the Charity prepared its financial statements in accordance with the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The financial statements are presented in sterling, which is the functional currency of the Charity. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. As per our reserves note, UKRI has confirmed that they will provide future funding to 31 March 2025 as well as a commitment, that in exceptional circumstance where funding is ceased before 31 March 2025, a minimum payment representing the last quarter of profiled payments plus estimated

closure and future liabilities costs has been made. The Charity's current income mainly arises from grant funding from the Engineering and Physical Sciences Research Council with a small percentage coming from the Foreign, Commonwealth & Development Office and the Department for Science, Innovation and Technology. The Trustees believe that funding will continue beyond 31 March 2025 and therefore has adopted the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

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

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

1.4 Income

Income is recognised when the Charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Grant funding is included within "Charitable activities". Grant funding may include terms and conditions that must be met before the Charity can receive the grant and may have flexible arrangements that mean that the amount to be received by the Charity cannot be fully determined at the date of award. In such cases, the income will be recognised at the sooner of receipt of funds or when the event triggering unconditional entitlement occurs and the Charity can reliably measure the income.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Notes to the financial statements

1.5 Expenditure

All expenditure is recognised inclusive of irrecoverable VAT on an accruals basis once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required, and the amount of the obligation can be reliably measured. Expenditure is categorised under the following headings:

Expenditure on charitable activities includes the costs of activities undertaken to further the purpose of the Faraday Institution.

Grants payable are recognised when the Charity has a constructive obligation according to the terms of the grant award (this may be before the payment is due).

Support costs are those costs incurred during activities that assist the work of the Charity but are not directly associated with the purpose of the Faraday Institution. Support costs include all or a proportion of back-office costs, finance, personnel, payroll and governance costs, which support the Faraday Institution's programmes and activities. These are split based on the estimated time spent by staff on the programmes and activities.

1.6 Tangible fixed assets

Tangible fixed assets costing more than £500 or which form part of a group of assets which collectively cost more than £500 are capitalised at initial cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Depreciation is applied from the start of the month following the date at which assets are brought into use and is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives as follows:

Leasehold improvements	Over the life of the lease of ten years
Computers	3 years straight line
Office furniture	3 years straight line
Pool car	3 years straight line

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

1.7 Impairment of fixed assets

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

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

Basic financial assets

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

Basic financial liabilities

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

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

1.10 Employee benefits

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

1.11 Retirement benefits

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

1.12 Leases

Operating lease: rentals are charged and credited to the statement of financial activities.

2 Critical accounting estimates and judgements

In the application of the Charity's accounting policies, the Trustees 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.

Critical judgements

Performance related grants

Income on performance related grants is recognised on a receivable basis, to the extent that income has been received, or is receivable due to the grants expected becoming unconditional and their receipt probable in the foreseeable future.

Grants that are expected but not yet receivable on the basis that certain performance related criteria must be achieved have been excluded from these financial statements. The expected income on which conditions are attached has been disclosed in note 3 to state a true and fair view of the expected income over a period of 3 and half years. Such grants include conditions which may not be certain of being met due to requirements for meeting criteria beyond the control of the charity thereby creating the possibility of the reduction or withdrawal of the expected fund. Accruals for grant expenditure are made based on forecasts of spend for the next quarter.

Notes to the financial statements

3 Charitable activities – Income

	2023	2022
	£	£
Performance related grants – EU STEPS	39,821	22,839
Performance related grants – FCDO	1,073,372	922,781
Performance related grants – BEIS	163,862	-
Performance related grants – UKRI	33,209,401	29,274,460
	34,486,456	30,220,080

All income from charitable activities this financial year has come from grants awarded by either UKRI's Faraday Battery Challenge, from the Foreign, Commonwealth and Development Office, (FCDO), from the Department for Science, Innovation and Technology (DSIT) or from the EU STEPS programme. The funding from UKRI has been awarded for an eight-year period ended March 2025. This funding has several specific streams as set out below. UKRI has announced that the total amount available for the Faraday Institution over this period is up to £194 million.

The head office grant was awarded for the purposes of supporting the setup costs of the Faraday Institution and to support an application inspired fundamental research programme to develop expertise in battery science and technology research.

The research projects grant was awarded for the four fast start research projects and associated projects and HQ costs, including monies for equipment associated with these projects. The equipment and training elements of this award have separate conditions attached and have been identified as restricted funds.

The terms of the grant awards from UKRI include provision that the Challenge Directors may flex the funding split between research, innovation and scale up based on market conditions and to ensure the optimal balance over time. Since the Faraday Institution represents the research element of the Faraday Battery Challenge, this means that the possibility of flexing of

this funding leads to uncertainty over the amount of funds that may be available to the Faraday Institution over the period of the grant award. Grant payments are scheduled to be made quarterly to the Faraday Institution according to a profile pre-agreed by UKRI. Given the uncertainty around future funding, in line with the charity's accounting policy on revenue recognition, income from grants has been recognised when it is considered to be unconditional. This is on receipt of the quarterly payment.

The FCDO grant is for a total of £3 million over the period to 31 March 2023. Payments on this grant are quarterly based on a forecast spend adjusting for actual expenditure in the previous quarter. In line with the charity's accounting policy, income is recognised when it becomes unconditional.

The EU STEPS grant is for a total of ~£400k over the period to 31 September 2023. Payments on this grant are bi-annual based on actual claims submitted.

The DSIT grant is for a total of £4 million over the period to 31 March 2025. Payments on this grant based on quarterly claims in arrears.

As at 31 March 2023, a cumulative total of £142m (2022: £108m) has been recognised as income against the cumulative total of grants awarded of £147m (2022: £109.8m). The recognised amounts as at period end are shown on page 27.

3 Charitable activities – Income continued

2023	Total recognised £	Restricted £	Unrestricted £
Head office grant	6,894,900	-	6,894,900
Research grant	10,484,741	-	10,484,741
Training grant	1,847,401	1,847,401	-
2nd wave research grant	13,982,359	-	13,982,359
FCDO grant	1,073,372	1,073,372	-
DSIT grant	163,862	163,862	-
EU STEPS	39,821	39,821	-
	34,486,456	3,124,456	31,362,000

2022	Total recognised £	Restricted £	Unrestricted £
Head office grant	5,579,710	-	5,579,710
Equipment grant	-	-	-
Research grant	11,100,000	-	11,100,000
Training grant	1,701,750	1,701,750	-
2nd wave research grant	10,893,000	-	10,893,000
FCDO grant	922,781	922,781	-
EU STEPS	22,839	22,839	-
	30,220,080	2,647,370	27,572,710

Notes to the financial statements

4 Investment income

	2023	2022
	£	£
Interest receivable	55,062	2,902

5 Charitable activities - expenditure

2023		Grants £	Direct costs £	Support costs £	Total £
	Note			(note 7)	
Research projects		27,473,479	1,778,669	521,527	29,773,675
Training		1,933,886	164,107	81,860	2,179,853
Engagement & reports		-	1,046,277	226,640	1,272,917
Governance	8	-	45,232	-	45,232
Total		29,407,365	3,034,285	830,027	33,271,677

2022		Grants £	Direct costs £	Support costs £	Total £
				(note 7)	
Research projects		23,782,643	1,356,468	473,005	25,612,116
Training		1,608,428	143,674	83,783	1,835,885
Engagement & reports		-	572,128	221,940	794,068
Governance	8	-	182,409	-	182,409
Total		25,391,071	2,254,679	778,728	28,424,478

6 Grants payable

	2023	2022
	£	£
Grants to lead institutions		
University of Cambridge	2,290,246	2,603,292
Imperial College London	3,448,682	2,725,525
University of Birmingham	2,575,961	1,855,061
University of Oxford	9,034,215	7,983,193
University of St Andrews	2,856,064	3,044,057
University of Sheffield	3,273,784	2,526,510
University College London	4,003,085	3,771,393
University of Warwick	260,346	-
University of York	251,127	-
University of Strathclyde	152,212	-
University of Nottingham	213,263	-
University of Surrey	137,462	-
University of Bath	63,502	-
University of Liverpool	90,626	-
Entrepreneur Fellows	-	197,500
Smaller grants	756,790	684,540
	29,407,365	25,391,071

At the period end, the charity had awarded ten large grants and a number of smaller grants. The large grants comprise five Wave 1 projects and five Wave 2 projects, all of which are collaborative research programmes involving a number of universities based on a hub and spoke model with one university taking the lead for each project. These grants are awarded subject to a number of terms and conditions and with the ability of the Faraday Institution to withdraw, reduce or reallocate on reasonable notice to better maximise the impact of the Faraday Institution research portfolio or in response to any variation in the funding to the charity. For this reason, the grant awards are only recognised when they are considered to be unconditional. The balance of these grants is for

expenditure committed over a period to 31st March 2023 for the Fast Start Projects and 30th September 2023 for Wave 2 and is expected to be paid quarterly in arrears. Expenditure is recognised in the quarter in which expenditure commences.

Within the period, the charity also awarded 16 seed grants, some with one lead, some operating on the hub and spoke model. These grants have been fully committed and run to 30 June 2023.

The PhD training grants are made to various institutions to fund PhD positions for four years. As the four-year term is beyond the current funding available to the charity, UKRI has underwritten amounts that would fall due beyond the 31 March 2023.

Notes to the financial statements

7 Support costs

	2023	2022
	£	£
Salaries and other staff costs	241,319	196,939
Recruitment	4,967	445
Legal and professional	132,339	228,414
Office costs	446,950	351,731
Travel	4,452	1,199
Total	830,027	778,728

8 Governance

	2023	2022
	£	£
Trustee costs	17,268	24,044
Audit	18,480	16,800
Other accounting costs	9,484	141,565
	<u>45,232</u>	<u>182,409</u>

Governance costs includes payments to the auditors of £15,400 (2022: £14,000) excluding VAT in respect of statutory audit fees. There were no other fees payable to the statutory auditor. Other accounting costs in 2021/22 included cost of £135,000 (2023: £0) for a grant assurance programme, carried out by KPMG, at the instruction of the Audit, Finance and Risk Committee.

9 Trustees

None of the Trustees (or any persons connected with them) received any remuneration or benefits from the Company during the period for their work as Trustees. Two Trustees were reimbursed for travel expenses during the period. The reimbursements totalled £17,268 (2022: Three Trustees £24,044).

Notes to the financial statements

10 Employees

	2023	2022
Number of employees		

The average monthly number employees during the period was:	22	18
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	2023	2022
Employment costs	£	£
Interim staff salaries	73,691	88,927
Wages and salaries	1,475,289	1,283,562
Social security costs	187,029	157,065
Other pension costs	112,086	24,698
	1,848,095	1,554,252

	2023	2022
The number of employees whose annual remuneration was £60,000 or more were:	£	£
£60,001 to £70,000	3	-
£90,001 to £100,000	-	1
£100,001 to £110,000	2	2
£110,001 to £120,000	1	2
£120,001 to £130,000	1	-
£150,001 to £160,000	-	1
£160,001 to £170,000	1	-
£170,001 to £180,000	-	1
£180,001 to £190,000	1	-

	2023	2022
Remuneration of key management personnel	£	£

The remuneration of key management personnel is as follows.

Aggregate compensation	325,455	338,166
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11 Tangible fixed assets

	Leasehold improvements £	Computers £	Office furniture £	Pool Car £	Total £
Cost					
Balance at 1 April 2022	170,357	48,425	87,842	30,085	336,709
Additions	48,584	17,058	-	4,467	70,109
Balance at 31 March 2023	218,941	65,483	87,842	34,552	406,818
Accumulated Depreciation					
Balance at 1 April 2022	(67,105)	(44,281)	(79,585)	(20,134)	(211,105)
Charge for the year	(16,831)	(7,437)	(2,010)	-	(26,278)
Balance at 31 March 2023	(83,937)	(51,718)	(81,595)	(20,134)	(237,383)
Net book value at 31 March 2023	135,005	13,765	6,247	14,418	169,435
Net book value at 31 March 2022	103,252	4,144	8,257	9,951	125,604

12 Financial instruments

	2023 £	2022 £
Financial assets measured at amortised cost (a)	23,342,316	16,202,744
Financial liabilities measured at amortised cost (b)	19,097,577	13,197,807

(a) Financial assets measured at amortised cost include cash, other debtors and accrued income

(b) Financial liabilities measured at amortised cost include other creditors, and not all accruals

Notes to the financial statements

13 Cash and cash equivalents

	2023	2022
	£	£
Cash	15,562,354	8,495,611
Short-term bank deposits	7,123,601	7,082,094
Total	<u>22,685,955</u>	<u>15,577,705</u>

14 Debtors

	2023	2022
Amounts falling due within one year	£	£
Other debtors	110,184	165,925
Prepayments and accrued income	615,809	541,540
Total	<u>725,993</u>	<u>707,465</u>

15 Creditors

	2023	2022
Amounts falling due within one year	£	£
Taxation and social security	73,085	54,824
Other creditors	167,552	109,663
Trade creditors – grants	153,193	-
Deferred Income	7,200,000	-
General accruals	88,829	220,312
Accruals for grants payable	11,465,433	12,862,526
Total	<u>19,148,092</u>	<u>13,247,325</u>

Deferred Income of £7.2m is as per new grant agreement with UKRI to help with reserves over the next two years and covers last quarter payment in March 2025

16 Restricted funds

	UKRI equipment grant	UKRI training grant	FCDO grant	DSIT	EU STEPS grant	Total
Opening balance 1st April 2021	72,918	95,779	-	-	-	168,697
Incoming resources	-	1,701,750	922,781	-	-	2,647,369
Resources expended	-	(1,476,529)	(922,781)	-	22,838	(2,422,148)
Balance at 31 March 2022	72,918	321,000	-	-	(22,838)	393,918
Opening balance 1st April 2022	72,918	321,000	-	-	-	393,918
Incoming resources	-	1,847,401	1,073,372	163,862	39,821	3,124,456
Resources expended	-	(1,781,036)	(1,073,372)	(163,862)	(39,821)	(3,058,091)
Balance at 31 March 2023	72,918	387,365	-	-	-	460,283

17 Analysis of net assets between funds

	Unrestricted £	Restricted £	Total £
Fund balances at 31 March 2022 are represented by:			
Tangible assets	125,604	-	125,604
Current assets/(liabilities)	2,643,927	393,918	3,037,845
Carried over	2,769,531	393,918	3,163,449
Fund balances at 31 March 2023 are represented by:			
Tangible assets	169,435	-	169,435
Current assets/(liabilities)	3,803,572	460,283	4,263,855
	3,973,007	460,283	4,433,290

Notes to the financial statements

18 Operating lease commitments

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

	2023	2022
	£	£
Within one year	188,111	162,141
Between two and five years	158,764	304,258
	<u>346,875</u>	<u>466,399</u>

The operating lease in respect of the rental of Quad 1, Harwell is a 10-year lease ending January 2028 with a break clause January 2025. The rentals increase each year using the RPI index.

19 Related party transactions

Professor Peter Bruce was appointed as Chief Scientist of the Faraday Institution on 22 January 2018 for a term of three years initially, this was then extended out to 31st March 2025. In this role, he serves as Chair of the Expert Panel. In addition to his role as Chief Scientist, Professor Bruce is the Wolfson Professor of Materials at the University of Oxford. In this capacity, he is the grant holder for the solid-state battery research project awarded by the Faraday Institution in February 2018. This grant was for up to £10,901,879 of which a total of £10,724,626 was recognised up to March 2021 when it ended. A new grant was issued starting 1st April 2021 for 2 years, which is up to £5,320,543. At 31 March 2023 £5,056,073 was recognised. The funding for this grant ended March 2023. This grant was awarded through a competitive process whereby bids were assessed and selected by an independent panel.

20 Reconciliation of cash flow from operating activities

	2023	2022
	£	£
Surplus for the period	1,269,841	1,798,504
Adjustments for:		
Depreciation of fixed assets	26,278	26,072
Investment income recognised in statement of financial activities	(55,062)	(2,902)
Movements in working capital:		
Decrease / (Increase) in debtors	(18,527)	(198,947)
(Decrease) / Increase in creditors	5,900,767	827,333
Cash (absorbed by)/generated from operations	7,123,297	795,394

The Faraday Institution
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Faraday Battery Challenge



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Innovate UK

Accounts

Trustees and Strategic Report



ANNUAL REPORT

2021/2022

Legal and administrative information

Trustees

P B Littlewood	C O'Hara
S Heidari-Robinson	J P Pikunic
J Chamberlain (resigned 14th March 2022)	I Sheldon
E K Edström	S M Spearing
J Green (resigned 14 March 2022)	M van Tol
E Hills (appointed 11th February 2022)	H Kirner (appointed 11th February 2022)
M Newman	

Secretary

S M Robertson

Charity number

1176500

Registered in England
and Wales

Company number

10959095

Registered in England
and Wales

Registered office

Suite 4
2nd floor Quad One
Becquerel Avenue
Harwell Campus
Didcot
Oxfordshire OX11 0RA

Auditor

Crowe U.K. LLP
4th Floor
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Cheltenham GL50 3PR

Bankers

Barclays Bank
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Abingdon
Oxfordshire OX14 1UB

Solicitors

DAC Beachcroft
100 Fetter Lane
London EC4A 1BN

Key Management

Chief Executive

Pam Thomas

Chief Operating Officer

Susan Robertson

Chief Scientist

Peter Bruce

Website

www.faraday.ac.uk

The Trustees are pleased to present the annual report and financial statements for the Faraday Institution for the period ending 31 March 2022. The document has been prepared to meet the requirements for a strategic and a directors' report and accounts for Companies Act purposes as well as to meet the reporting requirements of the Charity Commission.

The financial statements have been prepared in line with the accounting policies set out in note 1 to the financial statements and comply with the Charities Act 2011, the Companies Act 2006, Articles of Association of the company, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the UK and Republic of Ireland (FRS102) as amended for accounting periods commencing from 1 January 2016.

Objective and activities

The Faraday Institution's Articles of Association sets out its objectives which are:

'The advancement of science and education and the advancement of environmental protection or improvement for the public benefit by engaging in, encouraging, supporting and exploiting, by whatever means, high-quality research, and related training and policy advice, in energy capture, conversion and storage, with a view to securing outcomes which will add to scientific knowledge, deliver environmental benefits in terms of decarbonisation and improved air quality and benefit the life, health and well-being of humankind.'

The Faraday Institution carries out these objects through:

- | | |
|--|---|
| <ul style="list-style-type: none">– Funding of battery research through collaborative, university-led programmes– Developing early career scientists and engineers, PhD researchers and undergraduates to meet the future growing needs of UK battery research– Conducting independent economic analysis on energy storage related topics important to policymakers, industry, and the UK public | <ul style="list-style-type: none">– Engagement activities designed to attract diverse applicants to the multiple fields of energy storage research and to educate general and specific audiences– Identifying and developing commercial pathways for battery related innovations arising from the research programme |
|--|---|
- The Trustees have considered the guidance issued by the Charity Commission on public benefit when reviewing the organisation's aims and planning its future activities and believe that these activities fulfil this requirement.

Strategic report

The Faraday Institution is the UK's independent institute for electrochemical energy storage research, skills development, market analysis, and early-stage commercialisation.

Bringing together expertise from universities and industry, and predominantly funded by the Faraday Battery Challenge, the Faraday Institution endeavours to make the UK the go-to place for the research, development, manufacture, and production of new electrical storage technologies for both the automotive and the wider relevant sectors.

The Faraday Institution funds application-inspired fundamental research in electrochemical energy storage through university-based research programmes delivered at scale. The most promising research coming out of the Institution will be developed for real-world use through the pipeline of innovation and application established through the Faraday Battery Challenge (FBC). This model will discover new innovations and materials, leading to game-changing technology breakthroughs.

The Faraday Institution brings together scientists, industry partners and government funding with a common goal. The organisation invests in collaborative research to reduce battery cost, weight, and volume; improve performance and reliability; develop scalable designs; improve manufacturing; develop whole-life strategies from mining to recycling to second use; and accelerate commercialisation.

With the UK transitioning to fully electric, the Faraday Institution has key roles to play in other areas to ensure this transition goes smoothly and maximises the impact for the UK. These include efforts to inform policy through the publication of commissioned studies, responses to government consultations and parliamentary inquiries; and briefings associated with Faraday Insights publications; STEM outreach and educational programmes to bring up the next generations of energy storage researchers; and broad reskilling efforts to identify and rectify the effects of electrification on the workforce in the auto sector and its wider value chain.

The Faraday Institution does not work alone in these efforts. The Faraday Institution works alongside fellow members of the FBC, from Innovate UK working on commercial R&D projects relating to batteries and energy storage, and with the UK Battery Industrialisation Centre (UKBIC). In addition, through strategic partnerships and alliances with government, the Auto Council, NGOs, charities, industry and academia, the Faraday Institution is taking part in organising a national framework for skills related to electrification to invigorate regional and national workforce development. This will provide new models of education and training for skilled workers while creating new and expanded employment opportunities.

Beyond these UK activities, the Faraday Institution participates in international collaborations and engagements. The organisation has also received funding from the Foreign, Commonwealth and Development Office (FCDO) to enable research into energy storage for emerging economies as well as participation in various international activities such as the Global Battery Alliance and the World Bank's Energy Storage Partnership. In addition, the Faraday Institution received funding for its participation in the EU funded STEPS programme, a new business support programme for energy storage companies within North-West Europe, launched in January 2021.

Details of these activities are set out in Part I of our annual report which is published on our website www.faraday.ac.uk

Principal risks and mitigations

The Faraday Institution follows a formal risk management process which involves executives, the Audit, Finance and Risk Committee and the Board of Trustees. The process includes regular reviews as well as an annual workshop with participation from stakeholders as well as Faraday Institution management. Regular updates of the risk register are provided to the Board and Audit, Finance and Risk Committee.

Key risks for the Faraday Institution

A significant risk for the Faraday Institution during 2021/22 was its future funding. Since 31st March 2022 funding for three further years has been confirmed, taking funding for the Faraday Institution to 31 March 2025. The work of the Faraday Institution is intended to be long term and having uncertainty on longer term funding makes it difficult to plan and make commitments over the required timescales as well as leading to risk of researcher flight. This risk is mitigated through careful management of finances and commitments and appropriate communication across the research community which the Faraday Institution funds.

A further risk is linked to the lack of a mature battery industry and supply chain for battery materials within the UK. This risk is addressed through its work in convening of key stakeholders and participants in the battery industry, engagement within the wider Faraday Battery Challenge and through its informed insights and briefings

An ongoing risk for the organisation is its ability to deliver research programmes that successfully meet its aims. The Faraday Institution applies a model of programme management which is designed to be appropriately light touch so as to not over burden early stage research but which enables the research be commercially relevant. This model involves active engagement with industry to identify key challenges, defines a process for the management of the research programmes, and benefits from the input of its Expert Panel of leading industry and academic experts who review the progress of the research programmes and advise the Trustees accordingly.

Recruitment and retention of researchers sufficient to meet the programme requirements is also considered a risk. Although the majority of the posts required for the major research projects are now filled, there is a high demand for battery researchers both in the UK and overseas and so there is a risk of losing researchers to other opportunities. In addition, delays in getting visas for researchers recruited from overseas has led to some delays in filling posts. The Faraday Institution seeks to mitigate this risk by ensuring good development opportunities and training programmes are in place for its researchers. It should also be noted that whilst it seeks to retain and attract good candidates for its research programmes, the Faraday Institution also considers that movement of researchers from its programmes on to further careers within the battery industry as a being a positive support for this growing industry in the UK.

COVID-19 lockdowns which caused some disruption to the Faraday Institution's research programmes in 2020/2021 were fortunately not repeated during 2021/22 as the UK started to come out of the second lockdown from March 2021. Measures to ensure safe working have been in place in all the university laboratories carrying out the Faraday Institution's research and the impact on progress on the projects has been minimal.

The Faraday Institution manages its financial risk through a robust process of planning and budgetary control with oversight from the Audit, Finance and Risk Committee and the Board of Trustees who review the financial position of the organisation at each Board meeting. The Trustees ensure that commitments for future expenditure are made prudently with due consideration of the financial resources available.

The key processes and controls adopted by the organisation are designed to be fit for purpose and efficient whilst providing appropriate financial controls and sound management processes that are consistent with the principles of the Government's 'Managing Public Money' and value for money. The organisation reviews and monitors these and updates as appropriate.

Achievements, performance and success criteria in 2021/2022

The Faraday Institution has now completed its fourth year and continues to deliver on its mission to enable breakthroughs in energy storage for the UK.

The Faraday Institution has now completed its fourth year and continues to deliver on its mission to enable break-throughs in energy storage for the UK. The research community now includes over 500 scientists and engineers across 27 UK universities, continuing the Faraday Institution's effort to convene a robust community in different energy storage related disciplines to solve key challenges.

The Faraday Institution research programme spans ten major research projects in lithium-ion and beyond lithium-ion technologies, four focused projects on topics to benefit emerging economies (funded by Foreign Commonwealth and Development Office through its Transforming Energy Access programme) and a set of 14 further seed projects to help identify future research priorities. Anticipating the end of some of the research projects, in 2022 the organisation began the important process of reshaping its research programme to ensure the UK remains in a steadfast position to lead for the longer term. This process, which began in February 2022 with a comprehensive review by the Expert Panel of the status of the research and the opportunities, will continue through 2022/23.

The Faraday Institution North East regional office, working with Newcastle University, launched the North East Battery Alliance, which includes membership from the region's universities, local government, and industry. Internationally, the Faraday Institution signed a memorandum of understanding with the US Department of Energy's National Renewable Energy Laboratory to conduct joint research in cathode materials and recycling to accelerate discovery in areas that might reduce dependency on critical minerals.

The quality of the academic work of these projects is indicated by the substantial number of papers in leading publications:

- 63.6 % in the top 10% of journals
- 92.8% in the top quartile journals
- 43.9 % in the top 10% most cited publications worldwide

In line with the maturity of the research projects, the Faraday Institution commercialisation activities have ramped up over the course of 2021/22, which reflects emerging opportunities. At present, the Faraday Institution has grown its relationship with industrial partners from 50 last reported to 85. The commercialisation activities have also led to additional grants being awarded. These included 14 awarded Industrial Fellowships and 11 Sprint projects, which are designed to target real-world solutions with industrial partners. In addition, 2 entrepreneurial fellowships were awarded during the year, bringing the total to 7. There has also been an increase in the level of intellectual property being developed with 36 inventions identified, 18 patents filed and 6 published.

The series of Faraday Insights has continued to provide meaningful evidence-based assessment of the market, economics, technology and capabilities for energy storage technologies and the transition to a fully electric UK for government, academic and industry stakeholders. To date, 13 have been published. Because of their high quality, these insights and reports are included in GO- Science's EmTech Resource Library, which is a library of over 300 technology reports available for use by teams across government in order to facilitate knowledge sharing across departments and offices. An update to the report "UK Electric Vehicle and Battery Production Potential to 2040" was published this year, along with a report on "Techno-Economic Analysis of Battery Energy Storage for Reducing Fossil Fuel Use in Sub-Saharan Africa". The Faraday Institution submitted written evidence for the House of Lords Science and Technology Committee inquiry into the Government's plans to deliver a UK science and technology strategy.

During the year, the Faraday Institution awarded grants for a fifth cohort of PhD researchers (that have started the training programme in Oct 22) making the total number 71 for the programme. The first cohort is in the process of completing their PhDs, with a number pursuing energy storage careers

in industry, academia and in policy. An additional 100 PhD students are affiliated with the Faraday Institution, through its major research projects at partner universities.

In addition, in the summer of 2022, the FUSE internship programme enabled 55 undergraduate students to benefit from a battery science internship working alongside Faraday Institution researchers, bringing the total since 2018 to 205. Five of these former interns are now working as PhD researchers in Faraday Institution research projects.

The Faraday Institution held an Early Career Research conference in November 2022 in Warwick, with 280 delegates participating in disseminating research results and networking.

Aims, objectives and success criteria for 2022/23

Research programmes

We will continue to actively manage our research portfolio, to ensure its strength in high quality and highly cited publications continues and that we deliver significant impacts from each project.

In 2022/23, we will begin to conduct the important process of reshaping our research projects to ensure the UK remains in a strong position to lead for the longer term. In addition, we will initiate small, fast-paced, focused projects in areas previously not covered within our research portfolio, which will inform future research topics where the UK may take a lead role.

Commercialisation

We will continue to deliver impact by working closely with our research project investigators to protect emerging intellectual property through patents and commercialising technology through academic and industrial partnerships. This year we will focus on those projects that have clear nearer-term market impacts (battery modelling), and those where the UK is well-placed to take a leading position such as in sodium-ion, recycling, and solid-state batteries.

Our investment to bolster academic and industrial partnerships will continue in the form of Industrial Sprints, Industrial Fellowships and Entrepreneurial Fellowships, with a goal to accelerate commercially relevant research to the marketplace.

Funding

Working with the Faraday Battery Challenge team in Innovate UK, we will secure funding through to 31 March 2025 through government's comprehensive spending review process. In addition, funds will be secured through other sources, such as the Department for Business, Energy and Industrial Strategy and the Foreign, Commonwealth and Development Office in support of international battery collaboration and research.

Skills training

We will launch the fifth cohort of our PhD training programme and will work with the Faraday Battery Challenge to build sustainability for a longer-term programme to meet the future need for a diverse and dynamic pipeline of talent for

academic and industrial careers. We will continue our summer internship programme for undergraduates, providing research experiences in energy storage topics at our universities. Finally, for early career researchers, we will continue to support their professional development and host a conference for networking and the dissemination of research findings.

Building upon the launch of the National Electrification Skills Framework and Forum in 2021, we will continue to support the skills needs of the auto manufacturing and battery production sectors, primarily through advising the Auto Council Skills Working Group and the Faraday Battery Challenge team in the creation of curriculum units for use by UK industry.

Engagement

We will continue to deliver a programme of engagement that influences policy, informs the public and academia and generates top tier media coverage in relation to battery science, gigafactory demand, battery production, supply chains and transport sector electrification, through publishing insights, briefings, consultations and response to enquiries. We will continue to position our CEO and the senior leadership team for maximum influence in these circles.

Regionally, in recognition of the importance of the North East as a centre of battery research, innovation, skills and production, the Faraday Institution's office at Newcastle University (FINE) will launch the North East Battery Alliance, to convene academic researchers, battery manufacturing companies, suppliers and local government, facilitating collaboration and communication.

Internationally, we will work to solidify and formalise our ties with the US research community, building upon the successful virtual workshop in the previous year, to define collaborative research projects.

Equality, diversity and inclusion (EDI)

We will continue our focus on career development for under-represented groups within the community as well as leadership training in EDI. In this year, we will focus on digital accessibility to ensure the organisation is taking a leading role for our community to be fully inclusive.

Financial review

Income for the year was £30.2 million (2021: £24.3 million), primarily from grants. Of this, £29.3 million (2021: £23.8million) was received from the government funded Faraday Battery Challenge. This grant is paid quarterly, and income is recognised in line with the Faraday Institution's grant income recognition policy. A further £0.9 million (2021: £0.5 million) is income recognised in the period from a £3 million grant awarded by the Foreign, Commonwealth and Development Office, FCDO. This grant covers the period to 31 March 2023. Also in the year was £0.02 million (2021: nil) of income recognised from the EU STEPS programme, this runs through to Sept 2023 and is paid every 6 months in arrears. Investment income in the period was nil (2021: nil).

Expenditure for the period comprises direct expenses totalling £2.3 million (2021: £1.9 million), grant awards of

£25.4 million (2021: £24.1 million) and support costs of £0.8 million (2021: £0.5 million).

The main items of grant expenditure during the year related to the ten major, multi-year research programmes. The awards for these grants cover the period to 31 March 2023 (5 projects) or 30 September 2023 (5 projects).

New grants awarded during the year included awards for a study and seed call intended to support future research scoping, a fifth cohort of PhD students and various smaller grants including Fellowships and Sprint projects. Payments for these grants are scheduled over the period of the award. In most cases payments are made quarterly in arrears on receipt of invoice of actual costs. According to the Faraday Institution's accounting policy, expenditure is recognised when committed.

Going Concern

The Trustees have prepared the accounts on a going concern basis. In making this assumption, the Trustees have considered forecasts of income, expenditure and cashflow over future periods and believe that the organisation has sufficient funds to continue its activities for the foreseeable future. In particular, they have incorporated into the forecasts additional funding of £87.5 million, which was confirmed by UKRI in July 2022 and announced in October 2022. This funding is intended to support the organisation's activities until 31 March 2025.

Reserves Policy

The Faraday Institution is funded currently through grants from the Engineering and Physical Sciences Research Council (EPSRC) and through the Foreign, Commonwealth and Development Office (FCDO). The charity intends that all of this funding will be spent on awarding grants or other of its charitable activities in order to ensure it reaches the fullest amount of public benefit achievable with the funds available. The Trustees recognise however that it is necessary to have access to reserves to meet unexpected costs and variations in its expenditure. The Faraday Institution has received assurance from UKRI that it will provide future funding to 31 March 2025 as well as a commitment, that in exceptional circumstance where funding is ceased before 31 March 2025, a minimum payment representing the next quarter of profiled payments plus estimated closure and future liabilities costs will be made. As at 31 March 2022, the reserves target and estimated value of these payments and costs is £10,160,000.

Based on the risk profile of the charity, and its ability to manage and forecast cashflow, the Trustees believe this sum provides sufficient reserves to manage the risk. This reserves target is likely to change year on year with the payment profiles and will therefore be re-assessed on an annual basis.

Fundraising

All funding for the Faraday Institution is derived from grants. The organisation does not carry out any fundraising activities with the general public and no donations are sought from the public, therefore it is not registered with the Fundraising Regulator. The charity had no fundraising activities requiring disclosure under S162A of the Charities Act 2011.

Investment policy

Investment policy only relates to the short-term management of liquid funds as the organisation does not have long-term funds for investment. All funds are managed on a prudent basis and policies ensure that funds are only held with counterparties with a high level of credit worthiness, that sufficient liquidity is maintained at all times and that risk is spread across more than one institution.

Grant awarding policy

The processes for award of grants are defined beforehand by the Trustees or in the case of smaller awards by management of the Faraday Institution and are based on principles of fairness, transparency and good use of public money whilst being proportionate to the level of awards being considered. Details of the process followed to award grants for large projects are available in the Faraday Institution Management Plan on the organisation's website.

Structure, governance and management

Structure, governance and management

The Faraday Institution is a company limited by guarantee, a registered charity and is governed by its Articles of Association. The Trustees, who are also directors and members of the Faraday Institution for the purpose of company law, and who served up to the date of signature of the financial statements, are listed in the legal and administrative information provided at the start of this report.

Trustees are responsible for setting strategy for the Faraday Institution and ensuring that its long-term aims are met. They decide its priorities and direction, monitor risk and develop policies.

Trustees are appointed by the Board of Trustees with an initial term of three years. Trustees may then stand for reappointment with a maximum term of 10 years. On appointment, Trustees are provided with briefing on the duties of Trustees and on the mission and operations of the Faraday Institution to equip them to fulfil their duties as directors. Trustees' meetings are held no less than three times per year. A process for recruitment of future Trustees has been set and is overseen by the People Committee who are responsible for conducting the recruitment process and making recommendations to the Board. Evaluation of Board processes and performance is conducted in order to provide feedback to the Chair and Trustees and enable continuous improvement.

The following committees report to the Board of Trustees:

Audit, Finance and Risk Committee

This committee reviews and reports back to the Trustees on issues relating to audit, financial management and oversight, and risk.

People Committee

This committee reviews and advises the Trustees on issues relating to nominations, remuneration, equality and diversity, recruitment and overall HR policies for the Faraday Institution.

Business Impact Committee

This committee looks at industry's requirements of the Faraday Institution; for example, scientific research areas, understanding strategic challenges for the battery technology industry and developing and delivering active two-way links with industry.

Key Management

The key management of the Faraday Institution, who are appointed by the Trustees, are the Chief Executive, the Chief Operating Officer (this role now incorporates the role of Chief Financial Officer as defined within the Articles of Association) and the Chief Scientist. Day-to-day management of the organisation is delegated to the Chief Executive Officer, who has executive responsibility for decisions under the direction of the Trustees. The Chief Operating Officer is responsible to the Trustees for managing the financial risks of the organisation, for financial planning and for financial reporting to the Chief Executive Officer and the Trustees. The Chief Executive Officer and the Chief Scientist, working together, are responsible for leading the organisation's research programme, drawing upon the advice of the Expert Panel as a whole.

Remuneration

Remuneration for key management is determined at the time of appointment based on market assessment and external advice (for example from search companies). The remuneration package is designed to reflect the fact that the organisation is a charity and publicly funded whilst still being sufficient to attract suitably qualified candidates. Pay is reviewed annually. Pay increases for the CEO are determined by the Chair of the Board of Trustees following a review of the CEO's performance.

Pay increases for other staff are determined by the CEO based on individual performance reviews and determined within an overall limit determined by the Board of Trustees. In determining this for 2021/22, the Board considered general pay review published information as well as pay increases for similar organisations.

Changes to the Board of Trustees

There were a number of changes to Trustees during the year. After a selection process, two new Trustees were appointed in February 2022. These are: Esther Hills, Engineering Director Indra Renewables Ltd; and Hanno Kirner, Executive Director, Tata Group Synergy Programmes. In addition, two Trustees stepped down on 14 March 2022 having reached the end of their terms of appointment. These were Jeff Chamberlain and Jorney Green.

Statement of Trustees' responsibilities

The Trustees, who are also the directors of the Faraday Institution for the purpose 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 year that give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and 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 statement of recommended practice;

- make judgements and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware, and
- that Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Crowe U.K LLP was appointed as auditors on 10th July 2019. Crowe U.K LLP has indicated its willingness to be reappointed as statutory auditor. The trustees' report, incorporating a strategic report, was approved by the Board of Trustees, as the company directors, on 13 December 2022 and signed on its behalf by;



P B Littlewood
Trustee

Dated: 13 December 2022

Independent auditor's report to the members of the Faraday Institution

Opinion

We have audited the financial statements of the Faraday Institution for the year ended 31 March 2022 which comprise the Statement of Financial Activities, Statement of Financial Position and Statement of Cash Flows 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 charitable company's affairs as at 31 March 2022 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The Trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report there on 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.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 14, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of 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 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 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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR), Anti-fraud, bribery and corruption legislation, Health and safety legislation, Taxation legislation, Employment legislation.

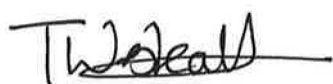
Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Audit, Finance and Risk Committee about their own identification and assessment of the risks of irregularities, performing audit procedures over income, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Tara Westcott
Senior Statutory Auditor For and on behalf of
Crowe U.K. LLP
Statutory Auditor
Cheltenham

Dated: 14 December 2022

Financial Report

Statement of financial activities

including income and expenditure account for the year ended 31 March 2022

	Notes	Unrestricted funds £	Restricted funds £	Total 2022 £	Unrestricted funds £	Restricted funds £	Total 2021 £
Income from:							
Charitable activities from EPSRC	3	27,572,710	1,701,750	29,274,460	22,621,393	1,208,866	23,830,259
Charitable activities from other funding			945,620	945,620		480,108	480,108
Investments	4	2,902		2,902	20,007		20,007
Total income		27,575,612	2,647,370	30,222,982	22,641,400	1,688,974	24,330,374
Expenditure on:							
Charitable activities funded by EPSRC grant	5	26,002,329	1,476,529	27,478,858	24,573,241	1,195,359	25,768,600
Charitable activities – other funding			945,620	945,620		682,743	682,743
Total Expenditure		26,002,329	2,422,149	28,424,478	24,573,241	1,878,102	26,451,343
Net income for the year/ Net movement in funds		1,573,283	225,221	1,798,504	(1,931,841)	(189,128)	(2,120,969)
Funds balance at 31 March 2021		1,196,248	168,697	1,364,945	3,128,090	357,825	3,485,915
Fund balances at 31 March 2022		2,769,531	393,918	3,163,449	1,196,249	168,697	1,364,946

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 page 22 to 36 form part of these financial statements.

Statement of financial position

for the year ended 31 March 2022

		2022	2021
	Notes	£	£
Fixed assets			
Tangible assets	11	125,604	139,424
Current assets			
Debtors	14	707,465	508,519
Cash at bank and in hand		15,577,705	14,791,661
		16,285,170	15,300,180
Creditors: amounts falling due within one year	15	13,247,325	14,074,658
Net current assets		3,037,845	1,225,522
Total assets less current liabilities		3,163,449	1,364,946
Creditors: Amounts falling after more than one year		-	-
		3,163,449	1,364,946
Funds			
Restricted funds	16	393,918	168,697
Unrestricted funds		2,769,531	1,196,249
	17	3,163,449	1,364,946

The financial statements were approved by the Trustees on and signed on its behalf by



P B Littlewood

Trustee

Company Registration No. 10959095

Dated: 13 December 2022

Statement of cash flows

for the year ended 31 March 2022

		2022	2021
	Notes	£	£
Cash flows from operating activities			
Cash generated from/(absorbed by) operations	20	795,394	(4,949,286)
Investing activities			
Purchase of tangible fixed assets		(12,252)	(6,742)
Interest received		2,902	20,007
Net cash used in investing activities		(9,350)	13,265
Net (decrease)/ increase in cash and cash equivalents		786,044	(4,936,021)
Cash and cash equivalents at beginning of period		14,791,661	19,727,682
Cash and cash equivalents at end of period		15,577,705	14,791,661

Notes to the financial statements

for the year ended 31 March 2022

1 Accounting policies

Charity information

The Faraday Institution is a private company limited by guarantee incorporated in England and Wales (company number 10959095). The registered office is Suite 4 2nd floor, Quad One, Becquerel Avenue, Harwell Campus, Didcot, Oxfordshire, OX11 0RA. The Faraday Institution is also a charity registered in England and Wales; charity number 1176500.

1.1 Accounting convention

The financial statements have been prepared under the historical cost convention in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The Charitable Company is a public benefit entity for the purposes of FRS 102 and therefore the Charity prepared its financial statements in accordance with the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The financial statements are presented in sterling, which is the functional currency of the Charity. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. As per our reserves note, UKRI has confirmed that they will provide future funding to 31 March 2025 as well as a commitment, that in exceptional circumstance where funding is ceased before 31 March 2025, a minimum payment representing

the next quarter of profiled payments plus estimated closure and future liabilities costs will be made. The Charity's current income mainly arises from grant funding from the Engineering and Physical Sciences Research Council with a small percentage coming from the Foreign, Commonwealth & Development Office. The Trustees believe that funding will continue beyond 31 March 2025 and therefore has adopted the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

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

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

1.4 Income

Income is recognised when the Charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Grant funding is included within "Charitable activities". Grant funding may include terms and conditions that must be met before the Charity can receive the grant and may have flexible arrangements that mean that the amount to be received by the Charity cannot be fully determined at the date of award. In such cases, the income will be recognised at the sooner of receipt of funds or when the event triggering unconditional entitlement occurs and the Charity can reliably measure the income

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

Notes to the financial statements

1.5 Expenditure

All expenditure is recognised inclusive of irrecoverable VAT on an accruals basis once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required, and the amount of the obligation can be reliably measured. Expenditure is categorised under the following headings:

Expenditure on charitable activities includes the costs of activities undertaken to further the purpose of the Faraday Institution.

Grants payable are recognised when the Charity has a constructive obligation according to the terms of the grant award (this may be before the payment is due)

Support costs are those costs incurred during activities that assist the work of the Charity but are not directly associated with the purpose of the Faraday Institution. Support costs include all or a proportion of back office costs, finance, personnel, payroll and governance costs which support the Faraday Institution's programmes and activities. These are split based on the estimated time spent by staff on the programmes and activities.

1.6 Tangible fixed assets

Tangible fixed assets costing more than £500 or which form part of a group of assets which collectively cost more than £500 are capitalised at initial cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Depreciation is applied from the start of the month following the date at which assets are brought into use and is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives as follows:

Leasehold improvements	Over the life of the lease of ten years
Computers	3 years straight line
Office furniture	3 years straight line
Pool car	3 years straight line

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

1.7 Impairment of fixed assets

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

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

Basic financial assets

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

Basic financial liabilities

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

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

1.10 Employee benefits

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

1.11 Retirement benefits

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

1.12 Leases

Operating lease: rentals are charged and credited to the statement of financial activities.

2 Critical accounting estimates and judgements

In the application of the Charity's accounting policies, the Trustees 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.

Critical judgements

Performance related grants

Income on performance related grants is recognised on a receivable basis, to the extent that income has been received, or is receivable due to the grants expected becoming unconditional and their receipt probable in the foreseeable future.

Grants that are expected but not yet receivable on the basis that certain performance related criteria must be achieved have been excluded from these financial statements. The expected income on which conditions are attached has been disclosed in note 3 to state a true and fair view of the expected income over a period of 3 and half years. Such grants include conditions which may not be certain of being met due to requirements for meeting criteria beyond the control of the charity thereby creating the possibility of the reduction or withdrawal of the expected fund. Accruals for grant expenditure are made based on forecasts of spend for the next quarter.

Notes to the financial statements

3 Charitable activities – Income

	2022	2021
	£	£
Performance related grants – EU STEPS	22,839	–
Performance related grants – FCDO	922,781	480,108
Performance related grants – EPSRC	29,274,460	23,830,259
	30,220,080	24,310,367

All income from charitable activities has come from grants awarded by either the Engineering and Physical Sciences Research Council (EPSRC) as part of the Faraday Battery Challenge, from the Foreign, Commonwealth and Development Office, (FCDO) or from the EU STEPS programme. The funding from UKRI has been awarded for a eight-year period ended March 2025. This funding has several specific streams as set out below. UKRI have announced that the total amount available for the Faraday Institution over this period is up to £194 million.

The head office grant was awarded for the purposes of supporting the setup costs of the Faraday Institution and to support an application inspired fundamental research programme to develop expertise in battery science and technology research.

The research projects grant was awarded for the four fast start research projects and associated projects and HQ costs, including monies for equipment associated with these projects. The equipment and training elements of this award have separate conditions attached and have been identified as restricted funds.

The terms of the grant awards from EPSRC include provision that the Challenge Directors may flex the funding split between research, innovation and scale up based on market conditions and to ensure the optimal balance

overtime. Since the Faraday Institution represents the research element of the Faraday Battery Challenge, this means that the possibility of flexing of this funding leads to uncertainty over the amount of funds that may be available to the Faraday Institution over the period of the grant award. Grant payments are scheduled to be made quarterly to the Faraday Institution according to a profile pre-agreed by EPSRC. Given the uncertainty around future funding, in line with the charity's accounting policy on revenue recognition, income from grants has been recognised when it is considered to be unconditional. This is on receipt of the quarterly payment.

The FCDO grant is for a total of £3m over the period to 31 March 2023. Payments on this grant are quarterly based on a forecast spend adjusting for actual expenditure in the previous quarter. In line with the charity's accounting policy, income is recognised when it becomes unconditional.

The EU STEPS grant is for a total of ~£400k over the period to 31 Sept 2023. Payments on this grant are bi-annual based on actual claims submitted.

As at 31 March 2022, a cumulative total of £108M (2021: £77m) has been recognised as income against the cumulative total of grants awarded of £109.8m (2021: £80.3m). The recognised amounts as at period end are shown below:

3 Charitable activities – Income continued

2022	Total recognised £	Restricted £	Unrestricted £
Head office grant	5,579,710	-	5,579,710
Equipment grant	-	-	-
Research grant	11,100,000	-	11,100,000
Training Grant	1,701,750	1,701,750	-
2nd Wave Research Grant	10,893,000	-	10,893,000
FCDO Grant	922,781	922,781	-
EU STEPS	22,839	22,839	-
	<u>30,220,080</u>	<u>2,647,370</u>	<u>27,572,710</u>

2021	Total recognised £	Restricted £	Unrestricted £
Head office grant	2,465,636	-	2,465,636
Equipment grant	-	-	-
Research grant	8,667,277	-	8,667,277
Training Grant	1,208,866	1,208,866	-
2nd Wave Research Grant	11,488,480	-	11,488,480
FCDO Grant	480,108	480,108	-
	<u>24,310,367</u>	<u>1,688,974</u>	<u>22,621,393</u>

Notes to the financial statements

4 Investment income

	2022	2021
	£	£
Interest receivable	2,902	20,007

5 Charitable activities - expenditure

2022		Grants £	Direct costs £	Support Costs £	Total £
	Note			(note 7)	
Research Projects		23,782,643	1,356,468	473,005	25,612,116
Training		1,608,428	143,674	83,783	1,835,885
Engagement & Reports		-	572,128	221,940	794,068
Governance	8	-	182,409	-	182,409
Total		25,391,071	2,254,679	778,728	28,424,478

2021		Grants £	Direct costs £	Support Costs £	Total £
				(note 7)	
Research Projects		22,683,983	918,072	231,779	23,833,834
Training		1,403,588	165,120	63,882	1,632,590
Engagement & Reports		-	780,905	171,137	952,042
Governance	8	-	32,877	-	32,877
Total		24,087,571	1,896,974	466,798	26,451,343

6 Grants payable

	2022	2021
	£	£
Grants to lead institutions		
University of Cambridge	2,603,292	3,137,748
Imperial College London	2,725,525	3,313,752
University of Birmingham	1,855,061	2,143,164
University of Oxford	7,983,193	5,414,873
University of St Andrews	3,044,057	2,149,907
University of Sheffield	2,526,510	1,651,341
University College London	3,771,393	1,991,436
University of Bath	-	2,320,749
University of Liverpool	-	826,955
Entrepreneur/Industrial Fellows	197,500	326,242
Smaller grants	684,540	811,404
	25,391,071	24,087,571

At the period end, the charity had awarded ten large grants and a number of smaller grants. The large grants comprise five Wave 1 projects and five Wave 2 projects, all of which are collaborative research programmes involving a number of universities based on a hub and spoke model with one university taking the lead for each project. These grants are awarded subject to a number of terms and conditions and with the ability of the Faraday Institution to withdraw, reduce or reallocate on reasonable notice to better maximise the impact of the Faraday Institution research portfolio or in response to any variation in the funding to the charity. For this reason, the grant awards are only recognised when

they are considered to be unconditional. The balance of these grants is for expenditure expected to be committed over a period to 31st March 2023 for the Fast Start Projects and 30th September 2023 in the Wave 2 and is expected to be paid quarterly in arrears. Expenditure is recognised in the quarter in which expenditure commences.

The PhD training grants are made to various institutions to fund PhD positions for four years. As the four-year term is beyond the current funding available to the charity, EPSRC has underwritten amounts that would fall due beyond the 31 March 2023.

Notes to the financial statements

7 Support costs

	2022	2021
	£	£
Salaries and other staff costs	196,939	143,386
Recruitment	445	5,662
Legal and professional	228,414	30,196
Office costs	351,731	287,018
Travel	1,199	536
Total	<u>778,728</u>	<u>466,798</u>

8 Governance

	2022	2021
	£	£
Trustee Costs	24,044	7,899
Accounting and Audit	158,365	24,978
	<u>182,409</u>	<u>32,877</u>

Governance costs includes payments to the auditors of £14,000 (2021: £12,750) excluding VAT in respect of statutory audit fees. There were no other fees payable to the statutory auditor. Accounting and audit costs in 2021/22 include cost of £135,000 (2021: £0) for a grant assurance programme, carried out by KPMG, at the instruction of the Audit, Finance & Risk Committee.

9 Trustees

None of the Trustees (or any persons connected with them) received any remuneration or benefits from the Company during the period for their work as Trustees. Three Trustees were reimbursed for travel expenses during the period. The reimbursements totalled £24,044 (2021: One Trustee £7,899).

Notes to the financial statements

10 Employees

	2022	2021
Number of employees		

The average monthly number employees during the period was:	18	13
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	2022	2021
Employment costs	£	£
Interim staff salaries	88,927	175,282
Wages and salaries	1,283,562	925,378
Social security costs	157,065	112,929
Other pension costs	24,968	18,221
	1,554,522	1,231,810

	2022	2021
The number of employees whose annual remuneration was £60,000 or more were:	£	£
£60,001 to £70,000	-	2
£90,001 to £100,000	1	2
£100,001 to £110,000	2	-
£110,001 to £120,000	2	-
£130,001 to £140,000	-	1
£150,001 to £160,000	1	-
£170,001 to £180,000	1	1

	2022	2021
Remuneration of key management personnel	£	£
The remuneration of key management personnel is as follows.		
Aggregate compensation	338,166	196,197

11 Tangible fixed assets

	Leasehold improvements £	Computers £	Office furniture £	Pool Car £	Total £
Cost					
Balance at 1 April 2021	168,312	44,631	81,429	30,085	324,457
Additions	2,045	3,794	6,413	0	12,252
Balance at 31 March 2022	170,357	48,425	87,842	30,085	336,709
Accumulated Depreciation					
Balance at 1 April 2021	(50,274)	(41,121)	(76,507)	(17,131)	(185,033)
Charge for the year	(16,831)	(3,160)	(3,078)	(3,003)	(26,072)
Balance at 31 March 2022	(67,105)	(44,281)	(79,585)	(20,134)	(211,105)
Net book value at 31 March 2022	103,252	4,144	8,257	9,951	125,604
Net book value at 31 March 2021	118,038	3,510	4,922	12,954	139,424

12 Financial instruments

	2022 £	2021 £
Financial assets measured at amortised cost (a)	16,202,744	14,891,322
Financial liabilities measured at amortised cost (b)	13,197,807	14,039,338

(a) Financial assets measured at amortised cost include cash, other debtors and accrued income

(b) Financial liabilities measured at amortised cost include other creditors, all accruals and finance leases

Notes to the financial statements

13 Cash and cash equivalents

	2022	2021
	£	£
Cash	8,495,611	7,711,771
Short-term bank deposits	7,082,094	7,079,890
Total	<u>15,577,705</u>	<u>14,791,661</u>

14 Debtors

	2022	2021
Amounts falling due within one year	£	£
Other debtors	165,925	-
Prepayments and accrued income	541,540	508,519
Total	<u>707,465</u>	<u>508,519</u>

15 Creditors

	2022	2021
Amounts falling due within one year	£	£
Taxation and social security	54,824	38,307
Other creditors	109,663	53,454
Trade creditors – grants	-	662,110
General accruals and deferred income	220,312	93,439
Accruals for grants payable	12,862,526	13,227,348
Total	<u>13,247,325</u>	<u>14,074,658</u>

16 Restricted funds

	EPSRC Equipment grant	EPSRC Training Grant	FCD0 Grant	Total
Opening balance 1 April 2020	72,918	82,272	202,635	357,825
Incoming resources	-	1,208,866	480,108	1,688,974
Resources expended	-	(1,195,359)	(682,743)	(1,878,102)
Balance at 31 March 2021	72,918	95,779	-	168,697
Opening balance 1 April 2021	72,918	95,779	-	168,697
Incoming resources	-	1,701,750	945,620	2,647,370
Resources expended	-	(1,476,529)	(945,620)	(2,422,149)
Balance at 31 March 2022	72,918	321,000	-	393,918

17 Analysis of net assets between funds

	Unrestricted £	Restricted £	Total £
Fund balances at 31 March 2021 are represented by:			
Tangible assets	139,424	-	139,424
Current assets/(liabilities)	1,056,825	168,697	1,225,522
Carried Over	1,196,249	168,697	1,364,946
Fund balances at 31 March 2022 are represented by:			
Tangible assets	125,604	-	125,604
Current assets/(liabilities)	2,643,927	393,918	3,037,845
	2,769,531	393,918	3,163,449

Notes to the financial statements

18 Operating lease commitments

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

	2022	2021
	£	£
Within one year	162,141	158,240
Between two and five years	304,258	466,400
	<u>466,399</u>	<u>624,640</u>

The operating lease in respect of the rental of Quad 1, Harwell is a 10-year lease ending January 2028 with a break clause at January 2022 and January 2025. The rentals increase each year using the RPI index.

19 Related party transactions

Professor Peter Bruce was appointed as Chief Scientist of the Faraday Institution on 22 January 2018 for a term of three years. In this role, he serves as Chair of the Expert Panel. In addition to his role as Chief Scientist, Professor Bruce is the Wolfson Professor of Materials at the University of Oxford. In this capacity, he is the grant holder for the solid-state battery research project awarded by the Faraday Institution in February 2018. This grant was for up to £10,901,879 of which a total of £10,724,626 was recognised up to March 2021 when it ended. A new grant was issued starting 1st April 2021 for 2 years, which is up to £5,320,543. Up to 31st March 2022 £2,317,525 was recognised. The funding for this grant currently ends March 2023. This grant was awarded through a competitive process whereby bids were assessed and selected by an independent panel.

20 Reconciliation of cash flow from operating activities

	2022	2021
	£	£
Deficit for the period	1,798,504	(2,120,969)
Adjustments for:		
Depreciation of fixed assets	26,072	64,788
Investment income recognised in statement of financial activities	(2,902)	(20,007)
Movements in working capital:		
Decrease / (Increase) in debtors	(198,947)	137,612
(Decrease) / Increase in creditors	(827,333)	(3,010,710)
Cash (absorbed by)/generated from operations	795,394	(4,949,286)

The Faraday Institution
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www.faraday.ac.uk
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THE FARADAY INSTITUTION

England & Wales - Charity number 1176500

Accounts



Trustees and Strategic Report

2020/2021

Legal and administrative information

Trustees

P B Littlewood	M Newman (Appointed 15th March 2021)
S Heidari-Robinson	C O'Hara (Appointed 15th March 2021)
J Chamberlain	J P Pikunic
A Docter (Resigned 19th March 2021)	I Sheldon (Appointed 15th March 2021)
E K Edström	S M Spearing
J Green	P A Thomas (Resigned 11 September 2020)
J Maxton (Resigned 15th March 2021)	M van Tol (Appointed 6 July 2020)

Secretary

S M Robertson

Charity number

1176500

Registered in England
and Wales

Company number

10959095

Registered in England
and Wales

Registered office

Suite 4
2nd floor
Quad One
Becquerel Avenue
Harwell Campus
Didcot
Oxfordshire OX11 0RA

Auditor

Crowe U.K. LLP
4th Floor
St James House
St James Square
Cheltenham GL50 3PR

Bankers

Barclays Bank
Marcham Road
Abingdon
Oxfordshire OX14 1UB

Solicitors

DAC Beachcroft
100 Fetter Lane
London EC4A 1BN

Key Management

Chief Executive

Pam Thomas
(Appointed 7 September 2020)

Chief Operating Officer

Susan Robertson

Chief Scientist

Peter Bruce

Website

www.faraday.ac.uk

The Trustees are pleased to present the annual report and financial statements for the Faraday Institution for the period ending 31 March 2021. The document has been prepared to meet the requirements for a strategic and a directors' report and accounts for Companies Act purposes as well as to meet the reporting requirements of the Charity Commission.

The financial statements have been prepared in line with the accounting policies set out in note 1 to the financial statements and comply with the Charities Act 2011, the Companies Act 2006, Articles of Association of the company, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the UK and Republic of Ireland (FRS102) as amended for accounting periods commencing from 1 January 2016.

Objective and activities

The Faraday Institution's Articles of Association sets out its objectives which are:

'The advancement of science and education and the advancement of environmental protection or improvement for the public benefit by engaging in, encouraging, supporting and exploiting, by whatever means, high-quality research, and related training and policy advice, in energy capture, conversion and storage, with a view to securing outcomes which will add to scientific knowledge, deliver environmental benefits in terms of decarbonisation and improved air quality and benefit the life, health and well-being of humankind.'

The Faraday Institution carries out these objects through:

- Funding of battery research through collaborative, university-led programmes
- Developing early career scientists, PhD researchers and undergraduates to meet the future growing needs of UK battery research
- Conducting independent economic analysis on energy storage related topics important to policymakers, industry, and the UK public
- Engagement activities designed to attract diverse applicants to the multiple fields of energy storage research and to educate general and specific audiences
- Identifying and developing commercial pathways for battery related innovations arising from the research programme

The Trustees have considered the guidance issued by the Charity Commission on public benefit when reviewing the organisation's aims and planning its future activities and believe that these activities fulfil this requirement.

Strategic report

The Faraday Institution is the UK's independent institute for electrochemical energy storage science and technology, supporting research, early-stage commercialisation, training and market analysis.

Bringing together expertise from universities and industry, and predominantly funded by the Faraday Battery Challenge, the Faraday Institution endeavours to make the UK the go-to place for the research, development, manufacture and production of new electrical storage technologies for both the automotive and the wider relevant sectors.

The Faraday Institution funds application-inspired fundamental research in electrochemical energy storage through university-based research programmes delivered at scale. The most promising research coming out of the Institution will be developed for real-world use through the pipeline of innovation and application established through the Faraday Battery Challenge. This model will discover new innovations and materials, leading to game-changing technology breakthroughs.

The Faraday Institution brings together scientists, industry partners and government funding with a common goal. The organisation invests in collaborative research to reduce battery cost, weight, and volume; improve performance and reliability; develop scalable designs; improve manufacturing; develop whole-life strategies from mining to recycling to second use; and accelerate commercialisation.

With the UK transitioning to fully electric, the Faraday Institution has key roles to play in other areas to ensure this transition goes smoothly and maximises the impact for the UK. These include efforts to inform policy through the publication of commissioned studies, responses to government consultations and parliamentary inquiries; and briefings associated with Faraday Insights publications; STEM outreach and educational programmes to bring up the next generations of energy storage researchers; and broad reskilling efforts to identify and rectify the effects of electrification on the workforce in the auto sector and its wider value chain.

The Faraday Institution does not work alone in these efforts. As part of the Faraday Battery Challenge (FBC), the Faraday Institution works alongside fellow members of the FBC from Innovate UK working on commercial R&D projects relating to batteries and energy storage and with the UK Battery Industrialisation Centre (UKBIC). In addition, through strategic partnerships and alliances with government, the Auto Council, NGOs, charities, industry and academia, the Faraday Institution is taking part in organising a National Framework for skills related to electrification to invigorate regional and national workforce development. This will provide new models of education and training for skilled workers while creating new and expanded employment opportunities.

Beyond these UK activities, the Faraday Institution participates in international collaborations and engagements. The Faraday Institution also received funding from the Foreign, Commonwealth and Development Office to enable research into energy storage for emerging economies as well as participation in various international activities such as the World Economic Forum's Global Battery Alliance and the World Bank's Energy Storage Partnership.

Details of these activities are set out in Part I of this annual report. This is available on our website.

Principal risks and mitigations

The Faraday Institution has adopted a formal risk management policy and maintains a risk register that is reviewed in detail with the Audit, Risk and Finance Committee, and that is further reviewed by the Trustees. The process includes an annual workshop plus regular reviews. These workshops include participation from members of EPSRC and the FBC as well as Faraday Institution management. Regular updates of the risk register are provided to the Board and Audit, Finance and Risk Committee.

Key risks for the Faraday Institution

A significant risk for the Faraday Institution during 2020/21 was its future funding. Since the year ended 31st March 2021 funding for two further years has been confirmed, taking funding for the Faraday Institution to 31 March 2023. The work of the Faraday Institution is intended to be long term and having uncertainty on funding beyond a short time-scale makes it difficult to plan and make commitments over the required time-scales as well as leading to risk of researcher flight. This risk is managed through careful management of finances and commitments and appropriate communication across the research community which the Faraday Institution funds.

A further risk is linked to the lack of a mature battery industry and supply chain for battery materials within the UK. This risk is addressed through its work in convening of key stakeholders and participants in the battery industry, engagement within the wider Faraday Battery Challenge and through its informed insights and briefings

An ongoing risk for the organisation is its ability to deliver research programmes that successfully meet its aims. The Faraday Institution Management Plan has been designed to set out the new model of research being adopted by the Faraday Institution to deliver mission-inspired research. This plan includes active engagement with industry to identify key challenges to be addressed in its work programmes, defines a process for the management of the research programmes, and establishes routine consultations with its Expert Panel of leading industry and academic experts who review the progress of the research programmes and advise the Trustees accordingly.

Recruitment and retention of researchers sufficient to meet the programme requirements is also considered a risk. Since most of the of the posts required for the major research projects are now recruited, the recruitment risk is less than previously although the COVID-19 lockdown created some difficulties in recruitment from overseas, which have now eased. Demand for battery researchers is high both in the UK and overseas and so the risk of losing researchers to other opportunities has increased. The Faraday Institution seeks to mitigate this risk by ensuring good development opportunities and training programmes are in place for its researchers.

The COVID-19 lockdown from end of March to July 2020 placed some considerable restrictions on the experimental side of the Faraday Institution's research. Most of the university laboratories were closed down and unable to resume experimental work until June or later. Whilst all researchers were able to use the time productively in activities such as writing papers, analysing results, training, sharing learnings and planning, there was some delay on the experimental side which revised plans are addressing. The universities put in place contingency plans for the event of a future lockdown having looked at critical dependencies and mitigations to the disruption that may be caused. Modified working practices allowed the experimental work to continue effectively under the second lock-down under COVID-safe conditions. The risk remains that future lockdowns could occur but this risk is mitigated by the contingency plans in place.

Financial risk is managed by having robust planning and budgetary control processes that are reviewed by the Audit, Finance and Risk Committee. The Trustees review the financial position of the organisation at each Board meeting and ensure that commitments for future expenditure are made prudently with due consideration of the financial resources available.

The Faraday Institution has designed its key processes and controls to be fit for purpose and efficient whilst providing appropriate financial controls and sound management processes that are consistent with the principles of the Government's 'Managing Public Money' and value for money. The organisation continues to monitor these and update them as necessary.

Achievements, performance and success criteria in 2020/21

The Faraday Institution has now completed its third year and continues to deliver on its mission to enable breakthroughs in energy storage for the UK.

The research portfolio now includes ten major research projects. The initial four projects came to the end of their first phase in March 2021. Throughout the year, a process of review and identification of the future shape of these projects was carried out. This included an invitation to widen the scope of the research collaboration through expressions of interest from new researchers to these projects and review by independent experts culminating in a final reshaping and award of new grant awards starting 1 April 2021. As a result of this reshaping exercise, the future direction of the research has been refocussed on those areas of the initial work that had shown most promise. As part of this reshaping, new partners were brought in and a new project formed bringing together the safety elements of the research carried out on two of the projects. This research programme continues to provide a balanced portfolio of work that will advance existing lithium-ion technology as well as projects that aim to put the UK at the forefront of next generation battery technologies: solid state, lithium sulfur, and sodium ion.

During the year the research programme had to operate under the exceptional circumstances of the global COVID-19 pandemic. At the start of the year, this led to laboratory closures and the cessation of most experimental work. Researchers used the time wisely to replan, analyse data, carry out training and write up work. In addition, the community came together to share best practice, collaborate and work together online. After the initial UK lockdown, university laboratories were able to reopen under new COVID-safe measures which enabled experimental work to continue throughout the second lockdown. Whilst inevitably some delay occurred in the research programme, the long-term nature of these projects, the ability to be flexible and replan work and the collaborative working of the research teams has meant that this delay is not leading to serious impact on expected overall outcomes for the projects.

The upgrade to the 'Michael computer' was completed in the first quarter of 2020/21, despite the issues caused by the COVID pandemic, providing enhanced high-powered computing capability to the researchers within the Faraday Institution community.

The quality of the academic work of these projects is indicated by the substantial number of papers in leading publications: at date of signing over 273 papers have been published, 63% in top 10% journals, and 90% in top 25% journals, with 46% identified as the top 10% most cited. There has also been an increase in the level of Intellectual Property being developed with 26 patents applied for or under consideration.

In line with the maturity of the research projects, the Faraday Institution commercialisation activities have ramped up over the course of 2020/21, which reflects emerging opportunities. A methodology for evaluating the competitive landscape and the commercial priorities from within the research portfolio has now been applied across all projects and specific projects are being initiated as a result of this. An example of this, is the signing (after year end) of a Memorandum of Understanding between a consortium of seven UK-based organisations to combine ambitions to develop world-leading prototype solid-state battery technology building on research from the Faraday Institution's solid state battery project.

The commercialisation activities have also led to additional grants being awarded. These included Industrial Fellowships with 9 having now been awarded and 7 Sprint projects, which are designed to target real-world solutions with industrial partners. In addition, a further entrepreneurial fellowship was awarded during the year, bringing the total to five. The COVID-19 pandemic has inevitably slowed the pace of further applications; however, pleasingly, the existing awardees were able to continue their progress and deliver impressive results that included: raising new funding, attracting new

customers, and increasing the number of employees across these activities to 24.

The three battery characterisation projects started in the previous year have all now completed. Plans for dissemination of the techniques developed across the battery research community are in place for 2021/22.

The series of *Faraday Insights* has continued to provide meaningful evidence-based assessment of the market, economics, technology and capabilities for energy storage technologies and the transition to a fully electric UK for government, academic and industry stakeholders. To date, 12 have been published. Because of their high quality, these Insights and Reports will now also be included in GO-Science's EmTech Resource Library, which is a library of over 300 technology reports available for use by teams across government in order to facilitate knowledge sharing across departments and offices.

During the year, the Faraday Institution awarded grants for a fourth cohort of PhD researchers making 58 in total. All training during 2020/21 was provided online.

A programme with partner organisations to develop a National Electrification Skills Framework to support the automotive industry and related sectors was published in September 2021.

All other events and training were moved to online and a successful masterclass programme of webinar-based training was introduced. In addition, the FUSE internship programme, which was based on remote working, was put in place enabling 50 undergraduate students to benefit from a battery science internship working alongside Faraday Institution researchers. The organisation worked hard to make this programme as inclusive and accessible to as diverse a group of undergraduates as possible and whilst the COVID situation made in person laboratory experience difficult, it did open up the opportunities to students who might otherwise have been restricted by location. Based on the success of this virtual programme, a second virtual programme launched in summer 2021.

The Faraday Institution annual conference in November 2020 was also held online. Again, whilst this meant the benefits of in-person interactions were reduced, the online platform enabled the organisation to reach a larger audience with over 950 participants over the course of the three day conference.

Aims, objectives and success criteria for 2021/22

Research programmes

With our main research projects now fully underway, in addition to a continuation of high quality and highly cited publications from the research, we aim to deliver significant impacts from each project. An example of such a significant impact could be innovative research outcomes that capture media and/or global recognition, the establishment of an industrial partnership to start commercialisation or a high potential patent, a knowledge or learning outcome of wide importance, for example, the unique learnings anticipated from our characterisation projects.

In addition, we will scale up our programme management team to manage the programme and monitor delivery more effectively and to make appropriate adjustments to the research programme in line with our research model.

Commercialisation

We will have recruited a full team to start implementation of specific commercialisation plans and delivery of collaborative arrangements to progress innovation arising from our research projects to commercialisation. We will have put in place at least one high profile commercial partnership in relation to these.

Engagement

We will continue to deliver a programme of engagement that influences policy, informs the public and academia and generates top tier media coverage in relation to battery science, gigafactory and battery production supply chains and transport sector electrification, through publishing insights, briefings, consultations and response to enquiries. We will continue to position our CEO for maximum influence in these important circles.

Skills training

We will commence the programme for the fourth cohort of PhDs and will award grants for the fifth cohort as part of an overall programme to build and sustain the future community of future battery researchers. We will also run a further internship programme for undergraduates and have a development training programme for early career researchers.

Funding

We will have secured future funding beyond 31 March 2023.

National Electrification Skills Framework

We will launch a report to address the needs for reskilling of automotive manufacture and the new skills needed in support of future battery cell production capabilities needs in UK gigafactories

International/regional ties

After a pause in international travel due to the COVID-19 pandemic, we will revisit the potential for international scientific collaboration, ties with Harwell Campus & improve regional representation across the scientific and industrial battery community.

EDI

We will launch an EDI charter and training programmes focused on career development for under-represented groups within the community as well as leadership training in EDI.

Financial review

Income for the year was £24.3 million (2020: £22.8 million), primarily from grants. Of this, £23.8 million (2020: £22.2 million) came from the government via EPSRC as part of an initial £78 million award being made available for the period to March 2021. This grant is paid quarterly, and income is recognised in line with the Faraday Institution's grant income recognition policy. A further £0.5 million (2020: £0.5 million) is income recognised in the period from a £3 million grant awarded by the Foreign, Commonwealth and Development Office, FCDO. This grant covers the period to 31 March 2023. Investment income in the period was nil (2020: £0.1 million, being interest on liquid funds).

Expenditure for the period comprises direct expenses totalling £1.9 million (2020: £1.7 million) and grant awards of £24.1 million (2020: £21.5 million) and support costs of £0.5 million (2020: £0.7 million).

Going Concern

The trustees have prepared the accounts on a going concern basis. In making this assumption, the Trustees have considered forecasts of income, expenditure and cashflow over future periods and believe that the organisation has sufficient funds to continue its activities for the foreseeable future. In particular, they have incorporated into the forecasts additional funding of £33 million which was confirmed by UKRI in July 2021. This funding is intended to support the organisation's activities until 31 March 2023.

The main items of grant expenditure during the year related to the ten major, multi-year research programmes. The awards for these grants cover the period to 31 March 2023 (5 projects) or 30 September 2023 (5 projects), subject to the Faraday Institution having funding to this period. New grants awarded during the year included awards for a fourth cohort of PhD students and various smaller grants. Payments for these grants are scheduled over the period of the award. In most cases payments are made quarterly in arrears on receipt of invoice of actual costs. According to the Faraday Institution's accounting policy, expenditure is recognised when committed.

Reserves Policy

The Faraday Institution is funded currently through grants from the Engineering and Physical Sciences Research Council (EPSRC) and through the Foreign, Commonwealth and Development Office (FCDO). The charity intends that all of this funding will be spent on awarding grants or other of its charitable activities in order to ensure it reaches the fullest amount of public benefit achievable with the funds available. The trustees recognise however that it is necessary to have access to reserves to meet unexpected costs and variations in its expenditure. The Faraday Institution has received assurance from EPSRC that it will provide future funding to 31 March 2023 as well as a commitment, that in exceptional circumstance where funding is ceased before 31 March 2023, a minimum payment representing the next quarter of profiled payments plus estimated closure and future liabilities costs will be made. As at 31 March 2021, the reserves target and estimated value of these payments and costs is £8,572,710. Based on the risk profile of the charity, the ability to manage and forecast cashflow, the Trustees believe this sum provides sufficient reserves to manage the risk. This reserves target is likely to change year on year with the payment profiles and will therefore be re-assessed on an annual basis.

Fundraising

All the funding for the Faraday Institution is derived from government grants. The organisation does not carry out any fundraising activities with the general public and no donations are sought from the public. The charity had no fundraising activities requiring disclosure under S162A of the Charities Act 2011.

Investment policy

Investment policy only relates to the short-term management of liquid funds as the organisation does not have long-term funds for investment. All funds are managed on a prudent basis and policies ensure that funds are only held with counterparties with a high level of credit worthiness, that sufficient liquidity is maintained at all times and that risk is spread across more than one institution.

Grant awarding policy

The processes for award of grants are defined beforehand by the trustees or in the case of smaller awards by management of the Faraday Institution and are based on principles of fairness, transparency and good use of public money whilst being proportionate to the level of awards being considered. Details of the process followed to award grants for large projects are available in the Faraday Institution Management Plan on the organisation's website.

Structure, governance and management

Structure, governance and management

The Faraday Institution is a company limited by guarantee and is a registered charity. It is governed by its Articles of Association. The Trustees, who are also directors and members of the Faraday Institution for the purpose of company law, and who served up to the date of signature of the financial statements, are listed in the legal and administrative information provided at the start of this report.

Trustees are responsible for setting strategy for the Faraday Institution and ensuring that its long-term aims are met. They decide its priorities and direction, monitor risk and develop policies.

Trustees are appointed by the Board of Trustees with an initial term of three years. Trustees may then stand for reappointment with a maximum term of 10 years. On appointment, Trustees are provided with briefing on the duties of Trustees and on the mission and operations of the Faraday Institution to equip them to fulfil their duties as directors. Trustees' meetings are held no less than three times per year. A process for recruitment of future Trustees has been set and will be overseen by the People Committee who will be responsible for conducting the recruitment process and making recommendations to the Board. Evaluation of Board processes and performance is conducted in order to provide feedback to the Chair and trustees and enable continuous improvement.

The following committees report to the Board of Trustees:

Audit, Risk and Finance Committee

This committee reviews and reports back to the Trustees on issues relating to audit, financial management and oversight, and risk.

People Committee

This committee reviews and advises the trustees on issues relating to nominations, remuneration, equality and diversity, recruitment and overall HR policies for the Faraday Institution.

Business Impact Committee

This committee looks at industry's requirements of the Faraday Institution; for example, scientific research areas, understanding strategic challenges for the battery technology industry and developing and delivering active two-way links with industry.

Key Management

The key managers of the Faraday Institution, who are appointed by the Trustees, are the Chief Executive, the Chief Financial Officer (job now redesignated as Chief Operating Officer) and the Chief Scientist (who also acts as Chair of the Expert Panel). Day-to-day management of the organisation is delegated to the Chief Executive Officer, who has executive responsibility for decisions under the direction of the Trustees. The Chief Financial Officer is responsible to the Trustees for managing the financial risks of the organisation, for financial planning and for financial reporting to the Chief Executive Officer and the trustees. The Chief Executive Officer and the Chief Scientist, working together, are responsible for leading the organisation's research programme, drawing upon the advice of the Expert Panel as a whole.

Remuneration

Remuneration for key managers is determined at the time of appointment based on market assessment and external advice (for example from search companies). The remuneration package is designed to reflect the fact that the organisation is a charity and publicly funded whilst still being sufficient to attract suitably qualified candidates. Pay is reviewed annually. Pay increases for the CEO are determined by the Chairman of the Board of Trustees following a review of the CEO's performance. Pay increases for other staff are determined by the CEO based on individual performance reviews and determined within an overall limit determined by the Board of Trustees. In determining this for 2020/21, the Board considered general pay review published information as well as pay increases for similar organisations.

Changes to the Board of Trustees

There were a number of changes to Trustees during the year. Maurits van Tol, Chief Technology Officer of Johnson Matthey, was appointed in July 2020.

In September 2020, Pam Thomas stepped down as Trustee in order to accept the position of Chief Executive Officer of the Faraday Institution.

Further Trustee resignations occurred in March 2021 with Julie Maxton and Andreas Docter stepping down at this point. After a selection process, three new Trustees were appointed in March 2021. These are: Cordi O'Hara, Chief Operating Officer, US Gas Business for National Grid; Mark Newman, Chief Commercial Officer and Head of Strategy for Nybolt; and Isobel Sheldon, Chief Strategy Officer, Britishvolt.

Statement of Trustees' responsibilities

The Trustees, who are also the directors of the Faraday Institution for the purpose 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 year that give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and 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 statement of recommended practice;

- make judgements and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Crowe U.K LLP was appointed as auditors on 10th July 2019. Crowe U.K LLP has indicated its willingness to be reappointed as statutory auditor. The trustees' report was approved by the Board of Trustees.



P B Littlewood
Trustee

Dated: 16 December 2021

Independent auditor's report to the members of the Faraday Institution

Opinion

We have audited the financial statements of the Faraday Institution for the year ended 31 March 2021 which comprise the Statement of Financial Activities, Statement of Financial Position and Statement of Cash Flows 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 charitable company's affairs as at 31 March 2021 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The Trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report there on 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.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 16, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of 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 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 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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR), Anti-fraud, bribery and corruption legislation, Health and safety legislation, Taxation legislation, Employment legislation.

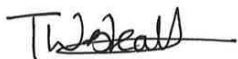
Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Audit, Finance and Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, performing audit procedures over income and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Tara Westcott
Senior Statutory Auditor For and on behalf of
Crowe U.K. LLP
Statutory Auditor
Cheltenham

Dated: 17 December 2021

Financial Report

Statement of financial activities

including income and expenditure account for the year ended 31 March 2021

	Notes	Unrestricted funds £	Restricted funds £	Total 2021 £	Unrestricted funds £	Restricted funds £	Total 2020 £
Income from:							
Charitable activities from EPSRC	3	22,621,393	1,208,866	23,830,259	17,897,578	4,283,149	22,180,727
Charitable activities from FCDO			480,108	480,108		523,724	523,724
Investments	4	20,007		20,007	79,617		79,617
Total income		22,641,400	1,688,974	24,330,374	17,977,196	4,806,873	22,784,068
Expenditure on:							
Charitable activities	5	24,573,241	1,195,359	25,768,600	19,453,084	4,213,496	23,666,580
Charitable activities – FCDO			682,743	682,743		321,089	321,089
Total Expenditure		24,573,241	1,878,102	26,451,343	19,453,084	4,534,585	23,987,668
Net income for the year/ Net movement in funds		(1,931,841)	(189,128)	(2,120,969)	(1,475,888)	272,288	(1,203,600)
Funds balance at 31 March 2020		3,128,090	357,825	3,485,915	4,603,978	85,537	4,689,516
Fund balances at 31 March 2021		1,196,249	168,697	1,364,946	3,128,090	357,825	3,485,915

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 page 25 to 39 form part of these financial statements

Statement of financial position

for the year ended 31 March 2021

		2021	2020
	Notes	£	£
Fixed assets			
Tangible assets	11	139,424	197,469
Current assets			
Debtors	14	508,519	646,131
Cash at bank and in hand	13	14,791,661	19,727,682
		15,300,180	20,373,814
Creditors: amounts falling due within one year	15	14,074,658	17,065,426
Net current assets		1,225,522	3,308,388
Total assets less current liabilities		1,364,946	3,505,857
Creditors: Amounts falling after more than one year			19,942
		1,364,946	3,485,915
Funds			
Restricted funds	16	168,697	357,825
Unrestricted funds		1,196,249	3,128,090
	17	1,364,946	3,485,915

The financial statements were approved by the Trustees on 16 December 2021 and signed on its behalf by



P B Littlewood

Trustee

Company Registration No. 10959095

Statement of cash flows

for the year ended 31 March 2021

		2021	2020
	Notes	£	£
Cash flows from operating activities			
Cash generated from/(absorbed by) operations	20	(4,949,286)	2,226,496
Investing activities			
Purchase of tangible fixed assets		(6,742)	(2,065)
Interest received		20,007	79,617
Net cash used in investing activities		13,265	77,552
Net (decrease)/ increase in cash and cash equivalents		(4,936,021)	2,304,048
Cash and cash equivalents at beginning of period		19,727,682	17,423,634
Cash and cash equivalents at end of period		14,791,661	19,727,682

Notes to the financial statements

for the year ended 31 March 2021

1 Accounting policies

Charity information

The Faraday Institution is a private company limited by guarantee incorporated in England and Wales (company number 10959095). The registered office is Suite 4 2nd floor, Quad One, Becquerel Avenue, Harwell Campus, Didcot, Oxfordshire, OX11 0RA. The Faraday Institution is also a charity registered in England and Wales; charity number 1176500.

1.1 Accounting convention

The financial statements have been prepared under the historical cost convention in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The Charitable Company is a public benefit entity for the purposes of FRS 102 and therefore the Charity prepared its financial statements in accordance with the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)

The financial statements are presented in sterling, which is the functional currency of the Charity. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. As per our reserves note, EPSRC has confirmed that they will provide future funding to 31 March 2023 as well as a commitment, that in exceptional circumstance where funding is ceased before 31 March 2023, a minimum payment representing

the next quarter of profiled payments plus estimated closure and future liabilities costs will be made. The Charity's income mainly arises from grant funding from the Engineering and Physical Sciences Research Council with a small percentage coming from the Foreign, Commonwealth & Development Office. The Trustees believe that funding will continue beyond 31 March 2023 and therefore has adopted the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

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

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

1.4 Income

Income is recognised when the Charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Grant funding is included within "Charitable activities". Grant funding may include terms and conditions that must be met before the Charity can receive the grant and may have flexible arrangements that mean that the amount to be received by the Charity cannot be fully determined at the date of award. In such cases, the income will be recognised at the sooner of receipt of funds or when the event triggering unconditional entitlement occurs and the Charity can reliably measure the income

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

Notes to the financial statements

1.5 Expenditure

All expenditure is recognised inclusive of irrecoverable VAT on an accruals basis once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required, and the amount of the obligation can be reliably measured. Expenditure is categorised under the following headings:

Expenditure on charitable activities includes the costs of activities undertaken to further the purpose of The Faraday Institution.

Grants payable are recognised when the Charity has a constructive obligation according to the terms of the grant award (this may be before the payment is due)

Support costs are those costs incurred during activities that assist the work of the Charity but are not directly associated with the purpose of The Faraday Institution. Support costs include all or a proportion of back office costs, finance, personnel, payroll and governance costs which support The Faraday Institution's programmes and activities. These are split based on the estimated time spent by staff on the programmes and activities.

1.6 Tangible fixed assets

Tangible fixed assets costing more than £500 or which form part of a group of assets which collectively cost more than £500 are capitalised at initial cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Depreciation is applied from the start of the month following the date at which assets are brought into use and is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives as follows:

Leasehold improvements	Over the life of the lease of ten years
Computers	3 years straight line
Office furniture	3 years straight line
Pool car	3 years straight line

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

1.7 Impairment of fixed assets

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

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

Basic financial assets

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

Basic financial liabilities

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

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

1.10 Employee benefits

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

1.11 Retirement benefits

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

1.12 Leases

Operating Lease: rentals are charged and credited to the statement of financial activities.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the Trustees 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.

Critical judgements

Performance related grants

Income on performance related grants is recognised on a receivable basis, to the extent that income has been received, or is receivable due to the grants expected becoming unconditional and their receipt probable in the foreseeable future.

Grants that are expected but not yet receivable on the basis that certain performance related criteria must be achieved have been excluded from these financial statements. The expected income on which conditions are attached has been disclosed in note 3 to state a true and fair view of the expected income over a period of 3 and half years. Such grants include conditions which may not be certain of being met due to requirements for meeting criteria beyond the control of the charity thereby creating the possibility of the reduction or withdrawal of the expected fund. Accruals for grant expenditure are made based on forecasts of spend for the next quarter.

Notes to the financial statements

3 Charitable activities – Income

	2021	2020
	£	£
Performance related grants – FCDO	480,108	523,724
Performance related grants – EPSRC	23,830,259	22,180,727

All income from charitable activities has come from grants awarded by either the Engineering and Physical Sciences Research Council (EPSRC) as part of the Industrial Strategy Challenge Fund (ISCF) Faraday Battery Challenge or from the Foreign, Commonwealth and Development Office, (FCDO). The funding from EPSRC has been awarded for a six-year period ended 31 March 2023. This funding has several specific streams as set out below. EPSRC have announced that the total amount available for the Faraday Institution over this period is up to £139 million

The head office grant was awarded for the purposes of supporting the setup costs of The Faraday Institution and to support an application inspired fundamental research programme to develop expertise in battery science and technology research.

The research projects grant was awarded for the four fast start research projects and associated projects and HQ costs, including monies for equipment associated with these projects. The equipment and training elements of this award have separate conditions attached and have been identified as restricted funds.

The terms of the grant awards from EPSRC include provision that the ISCF Challenge Directors may flex

the funding split between research, innovation and scale up based on market conditions and to ensure the optimal balance overtime. Since the Faraday Institution represents the research element of the Faraday Battery Challenge, this means that the possibility of flexing of this funding leads to uncertainty over the amount of funds that may be available to the Faraday Institution over the period of the grant award. Grant payments are scheduled to be made quarterly to the Faraday Institution according to a profile pre-agreed by EPSRC. Given the uncertainty around future funding, in line with the charity's accounting policy on revenue recognition, income from grants has been recognised when it is considered to be unconditional. This is on receipt of the quarterly payment.

The FCDO grant is for a total of £3m over the period to 31 March 2023. Payments on this grant are quarterly based on a forecast spend adjusting for actual expenditure in the previous quarter. In line with the charity's accounting policy, income is recognised when it becomes unconditional.

As at 31 March 2021, a cumulative total of £77m (2020: £53.1m) has been recognised as income against the cumulative total of grants awarded of £80.3m (2020: £80.3m). The recognised amounts as at period end are shown below:

3 Charitable activities – Income continued

2021	Total recognised £	Restricted £	Unrestricted £
Start-up grant	-	-	-
Head office grant	2,465,636	-	2,465,636
Equipment grant	-	-	-
Research grant	8,667,277	-	8,667,277
Training Grant	1,208,866	1,208,866	-
2nd Wave Research Grant	11,488,480	-	11,488,480
FCDO Grant	480,108	480,108	-
	<u>24,310,367</u>	<u>1,688,974</u>	<u>22,621,393</u>

2020	Total recognised £	Restricted £	Unrestricted £
Start-up grant	-	-	-
Head office grant	1,796,841	-	1,796,841
Equipment grant	3,519,399	3,519,399	-
Research grant	13,626,605	-	13,626,605
Training Grant	763,750	763,750	-
2nd Wave Research Grant	2,474,132	-	2,474,132
FCDO Grant	523,724	523,724	-
	<u>22,704,451</u>	<u>4,806,873</u>	<u>17,897,578</u>

Notes to the financial statements

4 Investment income

	2021	2020
	£	£
Interest receivable	20,007	79,617

5 Charitable activities – expenditure

2021		Grants £	Direct costs £	Support Costs £	Total £
	Note			(note 7)	
Research Projects		22,683,983	918,072	231,779	23,833,834
Training		1,403,588	165,120	63,882	1,632,590
Engagement & Reports		-	780,905	171,137	952,042
Governance	8	-	32,877	-	32,877
Total		24,087,571	1,896,974	466,798	26,451,343

2020		Grants £	Direct costs £	Support Costs £	Total £
				(note 7)	
Research Projects		20,696,626	741,178	354,909	21,792,714
Training		846,133	118,271	86,361	1,050,766
Engagement & Reports		-	784,969	282,194	1,067,164
Governance	8	-	77,025	-	77,025
Total		21,542,760	1,721,444	723,465	23,987,668

6 Grants payable

	2021	2020
	£	£
Grants to lead institutions		
University of Cambridge	3,137,748	3,853,730
Imperial College London	3,313,752	3,200,598
University of Birmingham	2,143,164	3,431,394
University of Oxford	5,414,873	4,238,153
University of St Andrews	2,149,907	1,504,830
University of Sheffield	1,651,341	1,013,251
University College London	1,991,436	2,294,915
University of Bath	2,320,749	1,005,543
University of Liverpool	826,955	-
Entrepreneur/Industrial Fellows	326,242	250,000
Smaller grants	811,404	750,346
	24,087,571	21,542,760

At the period end, the charity had awarded the following grants. There are nine large grants, Four Fast Start projects and Five Wave 2 projects all are collaborative research programmes involving a number of universities based on a hub and spoke model with one university taking the lead for each project. The grant funding is awarded subject to a number of terms and conditions and with the ability of the Faraday Institution to withdraw, reduce or reallocate on reasonable notice to better maximise the impact of the Faraday Institution research portfolio or in response to any variation in the funding to the charity. For this reason, grant awards are only recognised when they are considered to be unconditional. These grants included

amounts specified for capital equipment. This amount has been recognised in full as expenditure. The remaining grant is for expenditure expected to be committed over a period to 30th June 2021 for the Fast Start Projects and 30th September 2023 in the Wave 2. This expenditure is expected to be paid quarterly in arrears. Expenditure is recognised in the quarter in which expenditure commences.

The PhD training grants are made to various institutions to fund PhD positions for four years. As the four year term is beyond the current funding available to the charity, EPSRC has underwritten amounts that would fall due beyond the 31 March 2023 on these grants.

Notes to the financial statements

7 Support costs

	2021	2020
	£	£
Salaries and other staff costs	143,386	257,366
Recruitment	5,662	101,360
Legal and professional	30,196	32,918
Office costs	287,018	329,241
Travel	536	2,580
Total	466,798	723,465

8 Governance

	2021	2020
	£	£
Trustee Costs	7,899	53,343
Accounting and Audit	24,978	23,682
	32,877	77,025

Governance costs includes payments to the auditors of £12,750 (2020: £12,750) excluding VAT in respect of statutory audit fees. There were no other fees payable to the statutory auditor.

9 Trustees

None of the Trustees (or any persons connected with them) received any remuneration or benefits from the Company during the period for their work as Trustees. One Trustee was reimbursed for travel expenses during the period. The reimbursements totalled £7,899 (2020: Seven Trustees £43,406)

Notes to the financial statements

10 Employees

	2021	2020
Number of employees		

The average monthly number employees during the period was:	13	12
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	2021	2020
Employment costs	£	£
Interim staff salaries	175,282	15,419
Wages and salaries	925,378	964,444
Social security costs	112,929	117,194
Other pension costs	18,221	19,393
	1,231,810	1,116,450

At period end there were 13 permanent members of staff and 3 interim staff member (2020: 12 permanent, 1 Interim)

	2021	2020
The number of employees whose annual remuneration was £60,000 or more were:	£	£
£60,001 to £70,000	2	-
£90,001 to £100,000	2	3
£100,000 to £110,001	-	1
£130,001 to £140,000	1	-
£140,001 to £150,000	-	1
£170,001 to £180,000	1	-
£210,001 to £220,000	-	1

	2021	2020
Remuneration of key management personnel	£	£

The remuneration of key management personnel is as follows.

Aggregate compensation	196,197	392,530
Number of Key Management Personnel	4	3

11 Tangible fixed assets

	Leasehold improvements £	Computers £	Office furniture £	Pool Car £	Total £
Cost					
Balance at 1 April 2020	168,312	41,912	77,406	30,085	317,716
Additions	-	2,719	4,023	-	6,742
Balance at 31 March 2021	168,312	44,631	81,429	30,085	324,458
Accumulated Depreciation					
Balance at 1 April 2020	(33,443)	(26,349)	(50,034)	(10,420)	(120,246)
Charge for the year	(16,832)	(14,772)	(26,473)	(6,711)	(64,878)
Balance at 31 March 2021	(50,275)	(41,121)	(76,507)	(17,131)	(185,034)
Net book value at 31 March 2021	118,037	3,510	4,922	12,954	139,424
Net book value at 31 March 2020	134,868	15,564	27,372	19,665	197,469

12 Financial instruments

	2021 £	2020 £
Financial assets measured at amortised cost (a)	14,891,322	20,299,023
Financial liabilities measured at amortised cost (b)	14,039,338	17,045,973

(a) Financial assets measured at amortised cost include cash, other debtors and accrued income

(b) Financial liabilities measured at amortised cost include other creditors, all accruals and finance leases

Notes to the financial statements

13 Cash and cash equivalents

	2021	2020
	£	£
Cash	7,711,771	12,655,321
Short-term bank deposits	7,079,890	7,072,362
Total	<u>14,791,661</u>	<u>19,727,682</u>

14 Debtors

	2021	2020
Amounts falling due within one year	£	£
Other debtors	-	523,724
Prepayments and accrued income	508,519	122,407
Total	<u>508,519</u>	<u>646,131</u>

15 Creditors

	2021	2020
Amounts falling due within one year	£	£
Taxation and social security	38,307	43,197
Other creditors	53,454	97,227
Trade Creditors - Grants	662,110	-
General Accruals and deferred income	93,439	118,685
Accruals for grants payable	13,227,348	16,806,318
Total	<u>14,074,658</u>	<u>17,065,426</u>

16 Restricted funds

	EPSRC Equipment grant	EPSRC Training Grant	FCDO Grant	Total
Opening balance 1 April 2019	82,818	2,719	-	85,537
Incoming resources	3,519,399	763,750	523,724	4,806,873
Resources expended	(3,529,299)	(684,197)	(321,089)	(4,534,585)
Balance at 31 March 2020	<u>72,918</u>	<u>82,272</u>	<u>202,635</u>	<u>357,825</u>
Opening balance 1 April 2020	72,918	82,272	202,635	357,825
Incoming resources	-	1,208,866	480,108	1,688,974
Resources expended	-	(1,195,359)	(682,743)	(1,878,102)
Balance at 31 March 2021	<u>72,918</u>	<u>95,779</u>	<u>-</u>	<u>168,697</u>

17 Analysis of net assets between funds

	Unrestricted £	Restricted £	Total £
Fund balances at 31 March 2020 are represented by:			
Tangible assets	197,469	-	197,469
Current assets/(liabilities)	2,930,621	357,825	3,288,446
Carried Over	<u>3,128,090</u>	<u>357,825</u>	<u>3,485,915</u>
Fund balances at 31 March 2020 are represented by:			
Tangible assets	139,424	-	139,424
Current assets/(liabilities)	1,056,825	168,697	1,225,522
	<u>1,196,249</u>	<u>168,697</u>	<u>1,364,946</u>

Notes to the financial statements

18 Operating lease commitments

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

	2021	2020
	£	£
Within one year	158,240	154,433
Between two and five years	466,400	134,658
In over five years	-	-
	<u>624,640</u>	<u>289,091</u>

The operating lease in respect of the rental of Quad 1, Harwell is a 10 year lease ending January 2028 with a break clause at January 2022 and January 2025. The rentals increase each year using the RPI index.

19 Related party transactions

Professor Peter Bruce was appointed as Chief Scientist of the Faraday Institution on 22 January 2018 for a term of three years. In this role, he serves as chairman of the expert panel.

In addition to his role as Chief Scientist, Professor Bruce is the Wolfson Professor of Materials at the University of Oxford. In this capacity, he is the grant holder for the solid-state batteries research project awarded by the Faraday Institution in February 2018. This grant was for up to £10,901,879 of which a total of £10,724,626 was recognised up to March 2021 when it ended. We have issued a new grant starting 1st April 2021 for 2 years which is up to £ 5,320,543. The funding for this grant currently ends March 2023. This grant was awarded through a competitive process whereby bids were assessed and selected by an independent panel.

20 Reconciliation of cash flow from operating activities

	2021	2020
	£	£
Deficit for the period	(2,120,969)	(1,203,601)
Adjustments for:		
Depreciation of fixed assets	64,788	62,798
Investment income recognised in statement of financial activities	(20,007)	(79,617)
Movements in working capital:		
Decrease/ (Increase) in debtors	137,612	(562,192)
(Decrease) Increase in creditors	(3,010,710)	4,009,107
Cash (absorbed by)/generated from operations	(4,949,286)	2,226,496



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