

# Trustees and Strategic Report



# Legal and administrative information

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## 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)	

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## 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

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## 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

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## Key Management

### Chief Executive Officer

Pam Thomas

### Chief Operating Officer

Susan Robertson

### Chief Scientist

Peter Bruce

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## Website

[www.faraday.ac.uk](http://www.faraday.ac.uk)

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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.

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## Objective and activities

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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.'*

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**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

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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.

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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).

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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](http://www.faraday.ac.uk).

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## 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

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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.

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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

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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.

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# Aims, objectives and success criteria for 2023/2024

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## 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.

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### **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.

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# Financial review 2022/23

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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.

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## 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.

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### **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

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## 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.

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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.

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### **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.

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### **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

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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.

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## 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

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## 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](http://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 £
<b>Income from:</b>							
Charitable activities from UKRI	3	<b>31,362,000</b>	<b>1,847,401</b>	<b>33,209,401</b>	27,572,710	1,701,750	29,274,460
Charitable activities from DSIT, FCDO + STEPS			<b>1,277,055</b>	<b>1,277,055</b>		945,620	945,620
Investments	4	<b>55,062</b>		<b>55,062</b>	2,902		2,902
Total income		<b>31,417,062</b>	<b>3,124,456</b>	<b>34,541,518</b>	27,575,612	2,647,370	30,222,982
<b>Expenditure on:</b>							
Charitable activities UKRI	5	<b>30,213,586</b>	<b>1,781,036</b>	<b>31,994,622</b>	26,002,329	1,476,529	27,478,858
Charitable activities- DSIT, FCDO + STEPS			<b>1,277,055</b>	<b>1,277,055</b>		945,620	945,620
Total expenditure		<b>30,213,586</b>	<b>3,058,091</b>	<b>33,271,677</b>	26,002,329	2,422,149	28,424,478
Net income for the year/ Net movement in funds		<b>1,203,476</b>	<b>66,365</b>	<b>1,269,841</b>	1,573,283	225,221	1,798,504
Funds balance at 31 March 2022		<b>2,769,531</b>	<b>393,918</b>	<b>3,163,449</b>	1,196,248	168,697	1,364,945
Fund balances at 31 March 2023		<b>3,973,007</b>	<b>460,283</b>	<b>4,433,290</b>	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	£	£
<b>Fixed assets</b>			
Tangible assets	11	169,435	125,604
<b>Current assets</b>			
Debtors	14	725,993	707,465
Cash at bank and in hand		22,685,955	15,577,705
		<b>23,411,948</b>	16,285,170
<b>Creditors: amounts falling due within one year</b>	15	<b>19,148,092</b>	13,247,325
Net current assets		<b>4,263,855</b>	3,037,845
<b>Total assets less current liabilities</b>		<b>4,433,290</b>	3,163,449
<b>Creditors: Amounts falling after more than one year</b>		-	-
		<b>4,433,290</b>	3,163,449
<b>Funds</b>			
Restricted funds	16	460,283	393,918
Unrestricted funds		3,973,007	2,769,531
	17	<b>4,433,290</b>	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	£	£
<b>Cash flows from operating activities</b>			
Cash generated from/(absorbed by) operations	20	<b>7,123,297</b>	795,394
<b>Investing activities</b>			
Purchase of tangible fixed assets		<b>(70,109)</b>	(12,252)
Interest received		<b>55,062</b>	2,902
<b>Net cash used in investing activities</b>		<b>(15,047)</b>	(9,350)
<b>Net increase in cash and cash equivalents</b>		<b>7,108,250</b>	786,044
Cash and cash equivalents at beginning of period		<b>15,577,705</b>	14,791,661
<b>Cash and cash equivalents at end of period</b>		<b>22,685,955</b>	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

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## 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.



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### **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**

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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	<b>39,821</b>	22,839
Performance related grants – FCDO	<b>1,073,372</b>	922,781
Performance related grants – BEIS	<b>163,862</b>	-
Performance related grants – UKRI	<b>33,209,401</b>	29,274,460
	<b>34,486,456</b>	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	-
	<b>34,486,456</b>	<b>3,124,456</b>	<b>31,362,000</b>

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	-
	<b>30,220,080</b>	<b>2,647,370</b>	<b>27,572,710</b>

# Notes to the financial statements

## 4 Investment income

	2023	2022
	£	£
Interest receivable	<b>55,062</b>	2,902

## 5 Charitable activities - expenditure

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

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		<b>25,391,071</b>	<b>2,254,679</b>	<b>778,728</b>	<b>28,424,478</b>

## 6 Grants payable

	2023	2022
	£	£
<b>Grants to lead institutions</b>		
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
	<b>29,407,365</b>	<b>25,391,071</b>

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

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

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## 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
	<b>1,848,095</b>	<b>1,554,252</b>

	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	<b>325,455</b>	<b>338,166</b>
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## 11 Tangible fixed assets

	Leasehold improvements £	Computers £	Office furniture £	Pool Car £	Total £
<b>Cost</b>					
Balance at 1 April 2022	170,357	48,425	87,842	30,085	336,709
Additions	48,584	17,058	-	4,467	70,109
<b>Balance at 31 March 2023</b>	<b>218,941</b>	<b>65,483</b>	<b>87,842</b>	<b>34,552</b>	<b>406,818</b>
<b>Accumulated Depreciation</b>					
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)
<b>Balance at 31 March 2023</b>	<b>(83,937)</b>	<b>(51,718)</b>	<b>(81,595)</b>	<b>(20,134)</b>	<b>(237,383)</b>
<b>Net book value at 31 March 2023</b>	<b>135,005</b>	<b>13,765</b>	<b>6,247</b>	<b>14,418</b>	<b>169,435</b>
<b>Net book value at 31 March 2022</b>	<b>103,252</b>	<b>4,144</b>	<b>8,257</b>	<b>9,951</b>	<b>125,604</b>

## 12 Financial instruments

	2023 £	2022 £
Financial assets measured at amortised cost (a)	<b>23,342,316</b>	16,202,744
Financial liabilities measured at amortised cost (b)	<b>19,097,577</b>	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
<b>Opening balance 1st April 2021</b>	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
<b>Opening balance 1st April 2022</b>	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 £
<b>Fund balances at 31 March 2022 are represented by:</b>			
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
<b>Fund balances at 31 March 2023 are represented by:</b>			
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
<b>Adjustments for:</b>		
Depreciation of fixed assets	26,278	26,072
Investment income recognised in statement of financial activities	(55,062)	(2,902)
<b>Movements in working capital:</b>		
Decrease / (Increase) in debtors	(18,527)	(198,947)
(Decrease) / Increase in creditors	5,900,767	827,333
<b>Cash (absorbed by)/generated from operations</b>	<b>7,123,297</b>	<b>795,394</b>

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