

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

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