



 THE FARADAY
INSTITUTION

Trustees and Strategic Report

2020/2021

Legal and administrative information

Trustees

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

Secretary

S M Robertson

Charity number

1176500
Registered in England
and Wales

Company number

10959095
Registered in England
and Wales

Registered office

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

Auditor

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

Bankers

Barclays Bank
Marcham Road
Abingdon
Oxfordshire OX14 1UB

Solicitors

DAC Beachcroft
100 Fetter Lane
London EC4A 1BN

Key Management

Chief Executive

Pam Thomas
(Appointed 7 September 2020)

Chief Operating Officer

Susan Robertson

Chief Scientist

Peter Bruce

Website

www.faraday.ac.uk

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

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

Objective and activities

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

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

The Faraday Institution carries out these objects through:

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

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



Strategic report

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

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

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

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

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

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

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

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

Principal risks and mitigations

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

Key risks for the Faraday Institution

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

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

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

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

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

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

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

Achievements, performance and success criteria in 2020/21

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

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

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

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

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

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

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



ReLiB project, University of Birmingham

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

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

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

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

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

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

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

Aims, objectives and success criteria for 2021/22

Research programmes

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

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

Commercialisation

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

Engagement

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

Skills training

We will commence the programme for the fourth cohort of PhDs and will award grants for the fifth cohort as part of an overall programme to build and sustain the future community of future battery researchers. We will also run a further internship programme for undergraduates and have a development training programme for early career researchers.

Funding

We will have secured future funding beyond 31 March 2023.

National Electrification Skills Framework

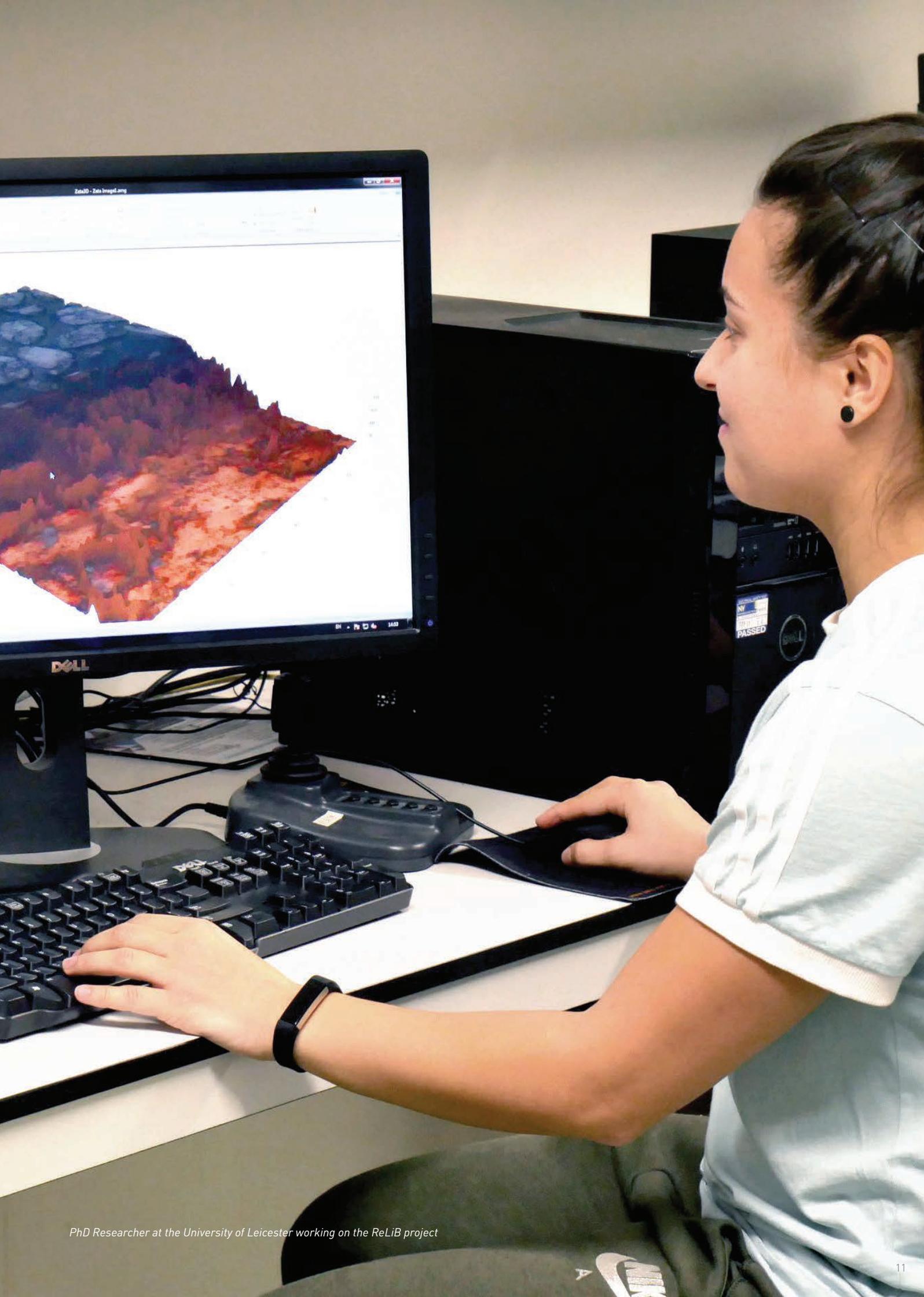
We will launch a report to address the needs for reskilling of automotive manufacture and the new skills needed in support of future battery cell production capabilities needs in UK gigafactories

International/regional ties

After a pause in international travel due to the COVID-19 pandemic, we will revisit the potential for international scientific collaboration, ties with Harwell Campus & improve regional representation across the scientific and industrial battery community.

EDI

We will launch an EDI charter and training programmes focused on career development for under-represented groups within the community as well as leadership training in EDI.



Financial review

Income for the year was £24.3 million (2020: £22.8 million), primarily from grants. Of this, £23.8 million (2020: £22.2 million) came from the government via EPSRC as part of an initial £78 million award being made available for the period to March 2021. This grant is paid quarterly, and income is recognised in line with the Faraday Institution's grant income recognition policy. A further £0.5 million (2020: £0.5 million) is income recognised in the period from a £3 million grant awarded by the Foreign, Commonwealth and Development Office, FCDO. This grant covers the period to 31 March 2023. Investment income in the period was nil (2020: £0.1 million, being interest on liquid funds).

Expenditure for the period comprises direct expenses totalling £1.9 million (2020: £1.7 million) and grant awards of £24.1 million (2020: £21.5 million) and support costs of £0.5 million (2020: £0.7 million).

The main items of grant expenditure during the year related to the ten major, multi-year research programmes. The awards for these grants cover the period to 31 March 2023 (5 projects) or 30 September 2023 (5 projects), subject to the Faraday Institution having funding to this period. New grants awarded during the year included awards for a fourth cohort of PhD students and various smaller grants. Payments for these grants are scheduled over the period of the award. In most cases payments are made quarterly in arrears on receipt of invoice of actual costs. According to the Faraday Institution's accounting policy, expenditure is recognised when committed.

Going Concern

The trustees have prepared the accounts on a going concern basis. In making this assumption, the Trustees have considered forecasts of income, expenditure and cashflow over future periods and believe that the organisation has sufficient funds to continue its activities for the foreseeable future. In particular, they have incorporated into the forecasts additional funding of £33 million which was confirmed by UKRI in July 2021. This funding is intended to support the organisation's activities until 31 March 2023.

Reserves Policy

The Faraday Institution is funded currently through grants from the Engineering and Physical Sciences Research Council (EPSRC) and through the Foreign, Commonwealth and Development Office (FCDO). The charity intends that all of this funding will be spent on awarding grants or other of its charitable activities in order to ensure it reaches the fullest amount of public benefit achievable with the funds available. The trustees recognise however that it is necessary to have access to reserves to meet unexpected costs and variations in its expenditure. The Faraday Institution has received assurance from EPSRC that it will provide future funding to 31 March 2023 as well as a commitment, that in exceptional circumstance where funding is ceased before 31 March 2023, a minimum payment representing the next quarter of profiled payments plus estimated closure and future liabilities costs will be made. As at 31 March 2021, the reserves target and estimated value of these payments and costs is £8,572,710. Based on the risk profile of the charity, the ability to manage and forecast cashflow, the Trustees believe this sum provides sufficient reserves to manage the risk. This reserves target is likely to change year on year with the payment profiles and will therefore be re-assessed on an annual basis.

Fundraising

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

Investment policy

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

Grant awarding policy

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

Structure, governance and management

Structure, governance and management

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

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

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

The following committees report to the Board of Trustees:

Audit, Risk and Finance Committee

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

People Committee

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

Business Impact Committee

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

Key Management

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

Remuneration

Remuneration for key managers is determined at the time of appointment based on market assessment and external advice (for example from search companies). The remuneration package is designed to reflect the fact that the organisation is a charity and publicly funded whilst still being sufficient to attract suitably qualified candidates. Pay is reviewed annually. Pay increases for the CEO are determined by the Chairman of the Board of Trustees following a review of the CEO's performance. Pay increases for other staff are determined by the CEO based on individual performance reviews and determined within an overall limit determined by the Board of Trustees. In determining this for 2020/21, the Board considered general pay review published information as well as pay increases for similar organisations.

Changes to the Board of Trustees

There were a number of changes to Trustees during the year. Maurits van Tol, Chief Technology Officer of Johnson Matthey, was appointed in July 2020.

In September 2020, Pam Thomas stepped down as Trustee in order to accept the position of Chief Executive Officer of the Faraday Institution.

Further Trustee resignations occurred in March 2021 with Julie Maxton and Andreas Docter stepping down at this point. After a selection process, three new Trustees were appointed in March 2021. These are: Cordi O'Hara, Chief Operating Officer, US Gas Business for National Grid; Mark Newman, Chief Commercial Officer and Head of Strategy for Nybolt; and Isobel Sheldon, Chief Strategy Officer, Britishvolt.

Statement of Trustees' responsibilities

The Trustees, who are also the directors of the Faraday Institution for the purpose of company law, are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities statement of recommended practice;

- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

Crowe U.K LLP was appointed as auditors on 10th July 2019. Crowe U.K LLP has indicated its willingness to be reappointed as statutory auditor. The trustees' report was approved by the Board of Trustees.



P B Littlewood
Trustee

Dated: 16 December 2021

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

Opinion

We have audited the financial statements of the Faraday Institution for the year ended 31 March 2021 which comprise the Statement of Financial Activities, Statement of Financial Position and Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2021 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The Trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report there on our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

Responsibilities of trustees

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

In preparing the financial statements, the trustees are responsible for assessing the charitable company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

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

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

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

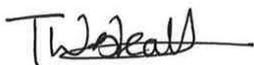
Extent to which the audit was considered capable of detecting irregularities, including fraud

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

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

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

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



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

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

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

Use of our report

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

Dated: 17 December 2021



PhD Researchers at WMG Battery School



Financial Report

Statement of financial activities

including income and expenditure account for the year ended 31 March 2021

	Notes	Unrestricted funds £	Restricted funds £	Total 2021 £	Unrestricted funds £	Restricted funds £	Total 2020 £
Income from:							
Charitable activities from EPSRC	3	22,621,393	1,208,866	23,830,259	17,897,578	4,283,149	22,180,727
Charitable activities from FCDO			480,108	480,108		523,724	523,724
Investments	4	20,007		20,007	79,617		79,617
Total income		22,641,400	1,688,974	24,330,374	17,977,196	4,806,873	22,784,068
Expenditure on:							
Charitable activities	5	24,573,241	1,195,359	25,768,600	19,453,084	4,213,496	23,666,580
Charitable activities – FCDO			682,743	682,743		321,089	321,089
Total Expenditure		24,573,241	1,878,102	26,451,343	19,453,084	4,534,585	23,987,668
Net income for the year/ Net movement in funds		(1,931,841)	(189,128)	(2,120,969)	(1,475,888)	272,288	(1,203,600)
Funds balance at 31 March 2020		3,128,090	357,825	3,485,915	4,603,978	85,537	4,689,516
Fund balances at 31 March 2021		1,196,249	168,697	1,364,946	3,128,090	357,825	3,485,915

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

All income and expenditure derive from continuing activities.

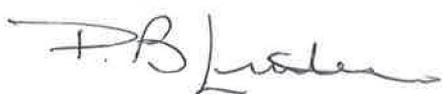
The notes on page 25 to 39 form part of these financial statements

Statement of financial position

for the year ended 31 March 2021

		2021	2020
	Notes	£	£
Fixed assets			
Tangible assets	11	139,424	197,469
Current assets			
Debtors	14	508,519	646,131
Cash at bank and in hand	13	14,791,661	19,727,682
		15,300,180	20,373,814
Creditors: amounts falling due within one year	15	14,074,658	17,065,426
Net current assets		1,225,522	3,308,388
Total assets less current liabilities		1,364,946	3,505,857
Creditors: Amounts falling after more than one year			19,942
		1,364,946	3,485,915
Funds			
Restricted funds	16	168,697	357,825
Unrestricted funds		1,196,249	3,128,090
	17	1,364,946	3,485,915

The financial statements were approved by the Trustees on 16 December 2021 and signed on its behalf by



P B Littlewood

Trustee

Company Registration No. 10959095

Statement of cash flows

for the year ended 31 March 2021

		2021	2020
	Notes	£	£
Cash flows from operating activities			
Cash generated from/(absorbed by) operations	20	(4,949,286)	2,226,496
Investing activities			
Purchase of tangible fixed assets		(6,742)	(2,065)
Interest received		20,007	79,617
Net cash used in investing activities		13,265	77,552
Net (decrease)/ increase in cash and cash equivalents		(4,936,021)	2,304,048
Cash and cash equivalents at beginning of period		19,727,682	17,423,634
Cash and cash equivalents at end of period		14,791,661	19,727,682

Notes to the financial statements

for the year ended 31 March 2021

1 Accounting policies

Charity information

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

1.1 Accounting convention

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

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

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

1.2 Going concern

At the time of approving the financial statements, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. As per our reserves note, EPSRC has confirmed that they will provide future funding to 31 March 2023 as well as a commitment, that in exceptional circumstance where funding is ceased before 31 March 2023, a minimum payment representing

the next quarter of profiled payments plus estimated closure and future liabilities costs will be made. The Charity's income mainly arises from grant funding from the Engineering and Physical Sciences Research Council with a small percentage coming from the Foreign, Commonwealth & Development Office. The Trustees believe that funding will continue beyond 31 March 2023 and therefore has adopted the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

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

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

1.4 Income

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

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

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

Notes to the financial statements

1.5 Expenditure

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

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

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

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

1.6 Tangible fixed assets

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

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

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

1.7 Impairment of fixed assets

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

1.8 Cash and cash equivalents

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

1.9 Financial instruments

Basic financial assets

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

Basic financial liabilities

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

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

1.10 Employee benefits

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

1.11 Retirement benefits

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

1.12 Leases

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

2 Critical accounting estimates and judgements

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

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

Critical judgements

Performance related grants

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

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

Notes to the financial statements

3 Charitable activities – Income

	2021	2020
	£	£
Performance related grants – FCDO	480,108	523,724
Performance related grants – EPSRC	23,830,259	22,180,727

All income from charitable activities has come from grants awarded by either the Engineering and Physical Sciences Research Council (EPSRC) as part of the Industrial Strategy Challenge Fund (ISCF) Faraday Battery Challenge or from the Foreign, Commonwealth and Development Office, (FCDO). The funding from EPSRC has been awarded for a six-year period ended 31 March 2023. This funding has several specific streams as set out below. EPSRC have announced that the total amount available for the Faraday Institution over this period is up to £139 million

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

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

The terms of the grant awards from EPSRC include provision that the ISCF Challenge Directors may flex

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

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

As at 31 March 2021, a cumulative total of £77m (2020; £53.1m) has been recognised as income against the cumulative total of grants awarded of £80.3m (2020: £80.3m). The recognised amounts as at period end are shown below:

3 Charitable activities – Income continued

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

2020	Total recognised £	Restricted £	Unrestricted £
Start-up grant	-	-	-
Head office grant	1,796,841	-	1,796,841
Equipment grant	3,519,399	3,519,399	-
Research grant	13,626,605	-	13,626,605
Training Grant	763,750	763,750	-
2nd Wave Research Grant	2,474,132	-	2,474,132
FCDO Grant	523,724	523,724	-
	22,704,451	4,806,873	17,897,578

Notes to the financial statements

4 Investment income

	2021	2020
	£	£
Interest receivable	<u>20,007</u>	<u>79,617</u>

5 Charitable activities - expenditure

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

2020		Grants £	Direct costs £	Support Costs £	Total £
				(note 7)	
Research Projects		20,696,626	741,178	354,909	21,792,714
Training		846,133	118,271	86,361	1,050,766
Engagement & Reports		-	784,969	282,194	1,067,164
Governance	8	-	77,025	-	77,025
Total		<u>21,542,760</u>	<u>1,721,444</u>	<u>723,465</u>	<u>23,987,668</u>

6 Grants payable

	2021	2020
	£	£
Grants to lead institutions		
University of Cambridge	3,137,748	3,853,730
Imperial College London	3,313,752	3,200,598
University of Birmingham	2,143,164	3,431,394
University of Oxford	5,414,873	4,238,153
University of St Andrews	2,149,907	1,504,830
University of Sheffield	1,651,341	1,013,251
University College London	1,991,436	2,294,915
University of Bath	2,320,749	1,005,543
University of Liverpool	826,955	-
Entrepreneur/Industrial Fellows	326,242	250,000
Smaller grants	811,404	750,346
	24,087,571	21,542,760

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

amounts specified for capital equipment. This amount has been recognised in full as expenditure. The remaining grant is for expenditure expected to be committed over a period to 30th June 2021 for the Fast Start Projects and 30th September 2023 in the Wave 2. This expenditure is expected to be paid quarterly in arrears. Expenditure is recognised in the quarter in which expenditure commences.

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

Notes to the financial statements

7 Support costs

	2021	2020
	£	£
Salaries and other staff costs	143,386	257,366
Recruitment	5,662	101,360
Legal and professional	30,196	32,918
Office costs	287,018	329,241
Travel	536	2,580
Total	466,798	723,465

8 Governance

	2021	2020
	£	£
Trustee Costs	7,899	53,343
Accounting and Audit	24,978	23,682
	<u>32,877</u>	<u>77,025</u>

Governance costs includes payments to the auditors of £12,750 (2020: £12,750) excluding VAT in respect of statutory audit fees. There were no other fees payable to the statutory auditor.

9 Trustees

None of the Trustees (or any persons connected with them) received any remuneration or benefits from the Company during the period for their work as Trustees. One Trustee was reimbursed for travel expenses during the period. The reimbursements totalled £7,899 (2020: Seven Trustees £43,406)

Notes to the financial statements

10 Employees

	2021	2020
Number of employees		

The average monthly number employees during the period was:

	13	12
--	----	----

	2021	2020
Employment costs	£	£
Interim staff salaries	175,282	15,419
Wages and salaries	925,378	964,444
Social security costs	112,929	117,194
Other pension costs	18,221	19,393
	1,231,810	1,116,450

At period end there were 13 permanent members of staff and 3 interim staff member (2020: 12 permanent, 1 Interim)

	2021	2020
The number of employees whose annual remuneration was £60,000 or more were:	£	£
£60,001 to £70,000	2	-
£90,001 to £100,000	2	3
£100,000 to £110,001	-	1
£130,001 to £140,000	1	-
£140,001 to £150,000	-	1
£170,001 to £180,000	1	-
£210,001 to £220,000	-	1

	2021	2020
Remuneration of key management personnel	£	£

The remuneration of key management personnel is as follows.

Aggregate compensation	196,197	392,530
Number of Key Management Personnel	4	3

11 Tangible fixed assets

	Leasehold improvements £	Computers £	Office furniture £	Pool Car £	Total £
Cost					
Balance at 1 April 2020	168,312	41,912	77,406	30,085	317,716
Additions	-	2,719	4,023	-	6,742
Balance at 31 March 2021	168,312	44,631	81,429	30,085	324,458
Accumulated Depreciation					
Balance at 1 April 2020	(33,443)	(26,349)	(50,034)	(10,420)	(120,246)
Charge for the year	(16,832)	(14,772)	(26,473)	(6,711)	(64,878)
Balance at 31 March 2021	(50,275)	(41,121)	(76,507)	(17,131)	(185,034)
Net book value at 31 March 2021	118,037	3,510	4,922	12,954	139,424
Net book value at 31 March 2020	134,868	15,564	27,372	19,665	197,469

12 Financial instruments

	2021 £	2020 £
Financial assets measured at amortised cost (a)	14,891,322	20,299,023
Financial liabilities measured at amortised cost (b)	14,039,338	17,045,973

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

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

Notes to the financial statements

13 Cash and cash equivalents

	2021	2020
	£	£
Cash	7,711,771	12,655,321
Short-term bank deposits	7,079,890	7,072,362
Total	<u>14,791,661</u>	<u>19,727,682</u>

14 Debtors

	2021	2020
Amounts falling due within one year	£	£
Other debtors	-	523,724
Prepayments and accrued income	508,519	122,407
Total	<u>508,519</u>	<u>646,131</u>

15 Creditors

	2021	2020
Amounts falling due within one year	£	£
Taxation and social security	38,307	43,197
Other creditors	53,454	97,227
Trade Creditors - Grants	662,110	-
General Accruals and deferred income	93,439	118,685
Accruals for grants payable	13,227,348	16,806,318
Total	<u>14,074,658</u>	<u>17,065,426</u>

16 Restricted funds

	EPSRC Equipment grant	EPSRC Training Grant	FCDO Grant	Total
Opening balance 1 April 2019	82,818	2,719	-	85,537
Incoming resources	3,519,399	763,750	523,724	4,806,873
Resources expended	(3,529,299)	(684,197)	(321,089)	(4,534,585)
Balance at 31 March 2020	<u>72,918</u>	<u>82,272</u>	<u>202,635</u>	<u>357,825</u>
Opening balance 1 April 2020	72,918	82,272	202,635	357,825
Incoming resources	-	1,208,866	480,108	1,688,974
Resources expended	-	(1,195,359)	(682,743)	(1,878,102)
Balance at 31 March 2021	<u>72,918</u>	<u>95,779</u>	<u>-</u>	<u>168,697</u>

17 Analysis of net assets between funds

	Unrestricted £	Restricted £	Total £
Fund balances at 31 March 2020 are represented by:			
Tangible assets	197,469	-	197,469
Current assets/(liabilities)	2,930,621	357,825	3,288,446
Carried Over	<u>3,128,090</u>	<u>357,825</u>	<u>3,485,915</u>
Fund balances at 31 March 2021 are represented by:			
Tangible assets	139,424	-	139,424
Current assets/(liabilities)	1,056,825	168,697	1,225,522
	<u>1,196,249</u>	<u>168,697</u>	<u>1,364,946</u>

Notes to the financial statements

18 Operating lease commitments

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

	2021	2020
	£	£
Within one year	158,240	154,433
Between two and five years	466,400	134,658
In over five years	-	-
	<u>624,640</u>	<u>289,091</u>

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

19 Related party transactions

Professor Peter Bruce was appointed as Chief Scientist of the Faraday Institution on 22 January 2018 for a term of three years. In this role, he serves as chairman of the expert panel.

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

20 Reconciliation of cash flow from operating activities

	2021	2020
	£	£
Deficit for the period	(2,120,969)	(1,203,601)
Adjustments for:		
Depreciation of fixed assets	64,788	62,798
Investment income recognised in statement of financial activities	(20,007)	(79,617)
Movements in working capital:		
Decrease/ (Increase) in debtors	137,612	(562,192)
(Decrease) Increase in creditors	(3,010,710)	4,009,107
Cash (absorbed by)/generated from operations	<u>(4,949,286)</u>	<u>2,226,496</u>



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