

A photograph of a man in a white lab coat and safety glasses, smiling and looking down at his work in a laboratory. The image is overlaid with a semi-transparent red filter. In the background, there is a piece of scientific equipment, possibly a microscope or a similar instrument, with various cables and components.

TRUSTEES AND  
STRATEGIC REPORT

## LEGAL AND ADMINISTRATIVE INFORMATION

### Trustees

P B Littlewood	J Chamberlain	J Maxton	J P Pikunic
S Heidari-Robinson	E K Edström	A E Nelson Resigned 23 July 2019	S M Spearing
S Berger	J Green		P A Thomas

### 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

The trustees are pleased to present the annual report and financial statements for the Faraday Institution for the period ending 31 March 2019. 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.

### Auditor

Crowe U.K. LLP  
Carrick House  
Lypiatt Road  
Cheltenham GL50 2QJ

### Bankers

Barclays Bank  
Marcham Road  
Abingdon  
Oxfordshire OX14 1UB

### Solicitors

DAC Beachcroft  
100 Fetter Lane  
London EC4A 1BN

### Key Management

#### Chief Executive

Neil Morris  
(appointed 30 July 2018)

#### Chief Financial Officer

Susan Robertson  
(appointed 23 April 2018)

#### Chief Scientist

Professor Peter Bruce  
(appointed 22 January 2018)

### Website

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

## OBJECTIVE AND ACTIVITIES

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As set out in the Faraday Institution's Articles of Association, the objectives of the organisation 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'*.

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### The Faraday Institution carries out these objects by:

- Funding battery research through collaborative, university-led programmes
- Developing early career scientists, PhD researchers and undergraduates through financing and skills training to lead successful battery research careers
- Carrying out independent economic analysis on energy storage related topics important to policymakers, industry, and the UK public
- Attracting diverse applicants to the multiple fields of energy storage research through engagement activities designed to educate general and specific audiences

The trustees confirm that they have considered the guidance issued by the Charity Commission on public benefit when reviewing the organisations aims and planning its future activities.

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Founded in October 2017, the Faraday Institution is the UK's independent institute for electrochemical energy storage science and technology, supporting research, training, and analysis. Bringing together expertise from universities and industry, and funded by the ISCF 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. 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 materials, leading to game-changing technology breakthroughs.

The Faraday Institution brings together scientists, industry partners, and government funding with a common goal. We invest in collaborative research to reduce battery cost, weight, and volume; to improve performance and reliability; to develop scalable designs; to improve our manufacturing; to develop whole-life strategies from mining to recycling to second use; and to 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 our efforts to inform policy through the publication of commissioned studies and Faraday Insights briefs; 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.

We do not work alone in these efforts. Through strategic partnerships and alliances with government, the Auto Council, NGOs, charities, industry and academia, the Faraday Institution will take part in organising a directory of courses in energy storage science and technology education 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. Details of these activities are set out in Part 1 of this annual report.

## Principal risks and mitigations

The Faraday Institution follows 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. The first of these workshops was held in January 2019 and included participation from members of EPSRC and the Faraday Battery Challenge (FBC) as well as Faraday Institution management. Regular updates of the risk register are provided to the Board and Audit, Finance and Risk Committee. In addition, a session on strategic risks was held with the Audit, Finance and Risk Committee in April 2019.

The key immediate risk for the organisation is its ability to deliver successful research programmes that meet its aims. This is addressed through the Faraday Institution Management Plan. The organisation actively engages with industry to identify key challenges that should be addressed in its work programmes, has a defined process for the management of the research programmes, and engages with its Expert Panel of leading industry and academic experts who review the progress of the research programmes and advise the trustees accordingly.

Recruitment of sufficient researchers to meet the programme requirements is also considered a risk. Whilst most of the posts required for the four initial research projects are now recruited, this has taken time and the Phase 2 projects are currently in the process of recruiting another 100 postdoctoral researchers. This risk is being mitigated by ensuring that there are realistic timescales for recruitment built into the projects and providing sufficient funding for training and career development to ensure that the roles are sufficiently attractive to draw enough applicants.

With the second round of research projects now launched, the Faraday Institution has now committed all its current funding. This means that, from a research perspective, no new programmes can be started without additional funding or reducing spend on our current programme. Although funding is only committed to 31 March 2021 (both to the Faraday Institution from EPSRC and from the Faraday Institution to its projects) this current research programme

is based on a 5-10-year timeframe, which is considered realistic at low technology readiness levels. The second round of projects are four-year programmes which extend beyond current funding commitments however there is a breakpoint in each grant at 31 March 2021. The trustees recognise that no commitments beyond this period can be made before further funding has been secured and have identified that securing such funding is a priority and that not securing this on a timely basis is a key risk, managed by maintaining close contact with relevant stakeholders.

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.

Key systems and processes are now fully in place within the Faraday Institution. These 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.

This year the Faraday Institution officers with our trustees focused on conflicts of interest. As a result, the relevant Faraday Institution policy was updated, with the reporting strengthened and made more transparent. The policy and register of interests are now published on the Faraday Institution website.

An intellectual property (IP) strategy has now been introduced, building on what we have learnt from our interactions with the projects since inception, particularly through discussion on recent innovations. This strategy sets out clearly the importance of managing IP and how the Faraday Institution will execute its mission of maximising the benefit from conducting applied research. To ensure we are managing IP risks, an IP Committee will oversee this strategy and individual project IP committees will ensure the principles are being applied and IP is being identified and properly handled.

## ACHIEVEMENTS, PERFORMANCE AND SUCCESS CRITERIA

The aims and success criteria of the Faraday Institution for the period to the end of 2019 were as follows:

### Aims

### Achievements

Complete all start-up activities by end 2018 – all key processes are in place and operating effectively, the initial four research projects are more than 95% staffed and all equipment has been delivered.

- All HQ processes were in place and operating effectively by 31 December 2018.
- 92% of staff for the four initial research projects in place. By the end of March 2019, this had increased to over 95%, and all planned equipment had been ordered and most was in place.
- A small number of items were still awaiting delivery.

The first four research projects are starting to generate early findings which give us confidence we are on track to make a scientific breakthrough.

- 24 research papers published by 31 March 2019.
- This had increased to 58 by date of signing of these accounts.

A second wave of research areas have been approved by the Board of Trustees with projects starting by end 2019.

- Five new research projects approved by date of signing of this report, which have already started.
- Total projects approved represent an expected spend of c£20M by 31 March 2021.

Implementation of the recommendations from the Infrastructure Project is facilitating easier access to materials characterisation capabilities for the projects.

To ensure our research infrastructure is internationally competitive, the Faraday Institution reviewed present UK characterisation capabilities available to support the wider battery research community. Following delivery of a report and gap analysis, the Faraday Institution initiated a call for research projects to develop or apply novel fundamental characterisation techniques or methodologies to battery research. As a result, the Faraday Institution is funding three projects that have the potential to give the UK world-leading capability in this area.

### Aims

### Achievements

Battery manufacturing economics and skills demand projects have been completed and findings communicated effectively to key stakeholders.

The McKinsey Energy Insights and the University of Oxford commissioned study “The UK’s Electric Vehicle and Battery Production Potential to 2040” was published in 2019 and became the centrepiece of a dialogue between the UK Prime Minister’s advisers and the Auto Council in the summer of 2019. A Faraday Insight laid out the skills demand for emergency service, vehicle mechanics and retailers based on the transition to electric vehicles. Ongoing work with the West Midlands Combined Authority (WMCA) and the Auto Council Skills Working Group is necessary to fully define the effect of electrification on the auto sector.

Our capability building programme is attracting students from diverse backgrounds into science, technology, engineering and mathematics (STEM) subjects and providing opportunities at undergraduate and post-graduate level to develop battery-related skills.

50 internships providing opportunities for undergraduates to work on lab-based battery research projects have been completed, and 30 Faraday Institution funded PhD researchers have onboarded, each receiving a comprehensive programme of industry, battery-related and leadership training. 10 bursaries for undergraduates of backgrounds historically underrepresented in STEM careers have been awarded.

Our staff and researchers are motivated, energised and committed to the success of the organisation.

This year the Faraday Institution rounded out the executive team with the hire of Stephen Gifford, Head of Economics and Market Insights. While the executive team and headquarters staff is lean, the team works exceptionally well as a unit to enable the mission of the organisation. This year marked significant outreach with industry, government and university partners, international research organisations and NGOs, requiring a renewed commitment on the part of our executive team to continue to build our reputation and strengthen our network while our research and educational programmes have doubled in size. Further, the Faraday Institution team has become much more integrated with the other parts of the ISCF Faraday Battery Challenge, ensuring alignment and coordination for collective success.



## AIMS OF THE YEAR AHEAD

As the Faraday Institution enters its second full year of operations, it continues to gain momentum to deliver on our mission to enable breakthroughs in energy storage for the UK. Looking to the year ahead, the Faraday Institution research programme will be operating at full steam, with five new major research projects added in the autumn of 2019.

This portfolio spans work that will advance lithium-ion technology, which we believe will continue as the main battery choice for electric vehicles in the near- to mid-term, to approach its theoretical limits, 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.

To accomplish what we see as a burgeoning national programme in energy storage, by year's end, the Faraday Institution will have pulled together a community of over 400 researchers across the UK, striving to create wave after wave of breakthroughs in battery technologies that would place the UK at the forefront of this global race.

In addition, the Faraday Institution aims this year to evaluate the UK's broader energy storage research investments so that we might help identify work with commercial potential, to connect discrete research projects to our large community of researchers, and to provide directional influence on wider research agendas that would benefit the UK.

While we aim to continue to increase our stream of high-quality research papers published in top-tier journals, our end goal is creating economic value for the UK. We expect to see our projects filing more and more patent applications to secure intellectual property (IP) so that discoveries made by our researchers lead to technology improvements and to commercial application.

We have seen early discoveries emerging from Faraday Institution research already doing so; for example, both the degradation and recycling projects have IP moving to the next stage on the path to commercialisation. Once these discoveries reach commercialisation, then opportunities to create jobs and investment in the UK will start to flow.

New battery characterisation projects will start to provide UK researchers with world-class analytical techniques that will help to accelerate advancements in our understanding of battery science.

Relationships with our industrial partners have evolved this year with the advent of "sprint" projects that target partner-identified, real-world challenges. We will expand this over the course of the year, using the capabilities of our research community to realise commercial impact with speed and focus.

## FINANCIAL REVIEW

Our entrepreneurial fellowships, a programme initiated this past year to support nascent energy storage technologies and new ventures, will expand under our provision to help commercialise battery-related technologies and businesses in the UK.

Our new series of Faraday Insights will continue to build knowledge across industry, academia and government. These insights provide an evidence-based assessment of the market, economics, technology and capabilities for energy storage technologies and the transition to a fully electric UK.

To meet the urgent needs of the UK to decarbonise and to meet its Road to Zero commitments, the Faraday Institution also seeks this year to expand the reach of our programmes into other industrial sectors where electrification can make an impact and which could play a major role the UK's energy transition. These could include other transport sectors, such as aero, mass transport and off-road, as well as grid energy storage, which will grow in use as the need to store electricity generated from wind and solar generation increases.

To benefit the UK, the Faraday Institution will continue to engage broadly across a wide range of stakeholder groups:

- building collaborative partnerships with international research groups
- providing independent techno-economic analysis on key questions that need to be addressed as part of the energy transition
- working with government to develop the regulatory and policy frameworks needed and
- connecting with industry to ensure our research keeps focus on solving the technical challenges that will have the greatest impact.

Recognising the impacts of electrification on the UK's workforce, the Faraday Institution will also continue to work closely with the automotive industry and government to develop a skills strategy, to ensure the country has a skilled labour force that will allow manufacturing in the auto and other sectors to smoothly transition to an electrified economy.

Critically important to our long-term success, the Faraday Institution will continue to embed a new way of conducting application-inspired research to make the UK a world leader in energy storage technology. Our model—to build a stronger, more connected team of researchers, working more closely together to support each other in making scientific breakthroughs—is an asset that we hope the UK can leverage in other contexts. We will continue to actively manage our research programme, directing more funding where we see the most opportunity and stopping work quickly when it becomes clear that success is less likely. Our aim is to get the most value from the funding available. Key to this will be to decide this year how to proceed with our four initial research projects whose current grant funding ends in March 2021.

Finally, we will only be successful in all of these endeavours through the efforts and capability of our research teams. We will continue to invest in their development; providing opportunities for undergraduates to work in the battery industry or get an early taste of research, supporting PhDs so that we nurture the next generation of researchers and providing support to our postdoctoral research fellows to advance their careers. The success of the Faraday Institution and of the UK's role in leading advances in energy storage technology is in our research teams' hands. We will give them the support they need to be successful.

Income for the year was £15.6 million (2018: £14.9 million), primarily from grants. This funding came from the government via EPSRC and was part of a £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.

Expenditure for the period comprises direct expenses totalling £1.4 million (2018: £0.2 million) and grant awards of £11.5 million (2018: £11.1 million) and support costs of £0.8 million (2018: £0.7 million including set up costs). Expenditure during 2018 covered a shorter period during which the Faraday Institution was formed, incurring set up costs and made its initial grant awards which included

funds for one-off capital equipment. Expenditure during 2019 includes a full year of charitable activities and support costs.

In addition to the grants awarded in 2018 to the four initial research projects of £43.7 million, the Faraday Institution has awarded a further £3 million of grants taking the total to £46.7 million at the end of the year. The new awards included training grants to fund PhD students as well as several smaller projects. Payments for these grants are scheduled over the period of the award. In most cases payments are made quarterly in arrears on receipt of invoice of actual costs. According to the Faraday Institution's accounting policy, expenditure is recognised when committed.

### Reserves policy

The Faraday Institution is funded currently through grants from the Engineering and Physical Sciences Research Council. 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 and therefore the EPSRC funding provides an advance payment of £2.3 million to provide reserves for this purpose. Based on the risk profile of the charity, the Trustees believe this sum provides sufficient reserves to manage the risk and have set this as the minimum reserve level. At the 31 March 2019, the actual reserves were £4.7million which was in excess of the minimum reserve limit. The excess arose due to timing differences between recognition of grant expenditure and the estimates of expected expenditure on which income from EPSRC is profiled.

### 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 activity requiring disclosure under S162A of the Charities Act 2011.

### Investment policy

The organisation does not have long-term funds for investment therefore its investment policy relates to the short-term management of liquid funds. Such funds are managed on a prudent basis. Policies exist to 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

All grant awards will be made in line with a defined process agreed beforehand by the trustees. 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

## Trustees

The Faraday Institution is a company limited by guarantee and is registered as a 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.

The following committees have been set up and 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 managers

The key managers of the Faraday Institution, who are appointed by the trustees, are the Chief Executive, the Chief Financial 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 following a review and recommendation by the People Committee. In determining this for 2019/20, the People Committee considered general pay review published information including public sector and university pay increases.

## Changes to the Board of Trustees

Having left Johnson Matthey and relocated outside of the UK, Alan Nelson has stepped down from his trustee role. The Faraday Institution would like to thank Alan for his contributions to the board and as a member of its Business Impact Committee.

## 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.

Chapman Worth Limited resigned as auditors on 29 March 2019. Crowe U.K. LLP was appointed as auditors on 10 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

## 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 2019 which comprise the Statement of Financial Activities, Statement of Financial Position and Statement of Cash Flows and notes to the financial statements, including a summary of 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 2019 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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 17, 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.

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

### 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  
Carrick House, Lypiatt Road, Cheltenham, GL50 2QJ

19 December 2019

Dated

The background is a dark blue gradient. On the left side, there is a faint, stylized illustration of a building facade with several windows. A thick, white, wavy line starts from the top left and winds its way across the middle of the page towards the right. The overall aesthetic is modern and corporate.

## FINANCIAL REPORT

## STATEMENT OF FINANCIAL ACTIVITIES

including income and expenditure account for the year ended 31 March 2019

	Notes	Unrestricted funds £	Restricted funds £	Total 2019 £	Unrestricted funds £	Restricted funds £	Total 2018 £
<b>Income from:</b>							
Charitable activities	3	15,176,280	338,449	15,514,729	6,192,824	8,658,000	14,850,824
Investments	4	62,527		62,527	1,283	-	1,283
Total income		15,238,807	338,449	15,577,256	6,194,107	8,658,000	14,852,107
<b>Expenditure on:</b>							
Charitable activities	5	(13,354,576)	(335,730)	(13,690,306)	(3,474,340)	(8,575,182)	(12,049,522)
Net income for the year/ Net movement in funds		1,884,231	2,719	1,886,950	2,719,767	82,818	2,802,585
Funds balance at 31 March 2018		2,719,767	82,818	2,802,585	-	-	-
Fund balances at 31 March 2019		4,603,998	85,537	4,689,535	2,719,767	82,818	2,802,585

The statement of financial activities includes all gains and losses recognised in the period.  
All income and expenditure derive from continuing activities.

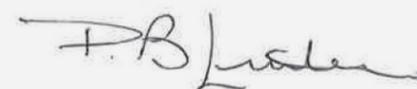
The notes on page 26 to 40 form part of these financial statements

## STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2019

	Notes	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	11	258,203	249,696
<b>Current assets</b>			
Debtors	14	83,940	453,723
Cash at bank and in hand	13	17,423,634	13,714,988
		17,507,574	14,168,711
<b>Creditors: amounts falling due within one year</b>	15	(13,051,722)	(11,615,822)
Net current assets		4,455,852	2,552,889
<b>Total assets less current liabilities</b>		4,714,055	2,802,585
<b>Creditors: Amounts falling after more than one year</b>		(24,520)	-
		4,689,535	2,802,585
<b>Funds</b>			
Restricted funds	16	85,537	82,818
Unrestricted funds		4,603,998	2,719,767
	17	4,689,535	2,802,585

The financial statements were approved by the Trustees on 17 Dec 2019 and signed on its behalf by



P B Littlewood  
Trustee  
Company Registration No. 10959095

## STATEMENT OF CASH FLOWS

for the year ended 31 March 2019

	Notes	2019 £	2018 £
<b>Cash flows from operating activities</b>			
Cash generated by operations	20	<b>3,712,074</b>	13,963,401
<b>Investing activities</b>			
Purchase of tangible fixed assets		<b>(65,955)</b>	(249,696)
Interest received		<b>62,527</b>	1,283
<b>Net cash used in investing activities</b>		<b>(3,428)</b>	(248,413)
<b>Net increase in cash and cash equivalents</b>		<b>3,708,646</b>	13,714,988
Cash and cash equivalents at beginning of period		<b>13,714,988</b>	-
<b>Cash and cash equivalents at end of period</b>		<b>17,423,634</b>	13,714,988

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

### 1 Accounting policies

#### Charity information

The Faraday Institution is a private company limited by guarantee incorporated in England and Wales. 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) - effective 1 January 2015.

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.

The Charity's income all arises from grant funding from the Engineering and Physical Sciences Research Council. This funding is due to end on 31 March 2021. The Trustees believe that funding will continue beyond this date 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.

## 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. This includes all funding due to be received in 2019/20.

# NOTES TO THE FINANCIAL STATEMENTS

## 3 Charitable activities - Income

	2019	2018
	£	£
Performance related grants - EPSRC	<b>15,514,729</b>	14,850,824

All income from charitable activities has come from grants awarded by the Engineering and Physical Sciences Research Council (EPSRC) as part of the Industrial Strategy Challenge Fund (ISCF) Faraday Battery Challenge. This funding from EPSRC has been awarded for a four-year period ended 31 March 2021. This funding has several specific streams as set out below. EPSRC have announced that the total amount available for the Faraday Institution is up to £78 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.

As at 31 March 2019, £30.4m has been recognised as income against the grant awarded of £58.4m, of which £15.5m was recognised in 2018/19. The full awarded amounts as at period end, subject to the conditions outlined above are shown below:

	Awarded as at 31 March 2019 £	Total recognised £	Restricted £	Unrestricted £
Start-up grant	<b>1,000,000</b>	-	-	-
Head office grant	<b>8,681,802</b>	<b>2,849,976</b>	-	<b>2,849,976</b>
Equipment grant	<b>9,108,000</b>	-	-	-
Research grant	<b>37,625,192</b>	<b>12,326,304</b>	-	<b>12,326,304</b>
Training Grant	<b>1,965,000</b>	<b>338,449</b>	<b>338,449</b>	-
	<b>58,379,994</b>	<b>15,514,729</b>	<b>338,449</b>	<b>15,176,280</b>

	Awarded as at 31 March 2018 £	Total recognised £	Restricted £	Unrestricted £
Start-up grant	1,000,000	1,000,000	-	1,000,000
Head office grant	8,681,802	290,292	-	290,292
Equipment grant	9,108,000	8,658,000	8,658,000	-
Research grant	37,625,192	4,902,532	-	4,902,532
	<b>56,414,994</b>	<b>14,850,824</b>	<b>8,658,000</b>	<b>6,192,824</b>

Further funding is available from EPSRC for second wave research projects. 5 second wave projects were awarded in September 2019.

## NOTES TO THE FINANCIAL STATEMENTS

### 4 Investment income

	2019	2018
	£	£
Interest receivable	<u>62,527</u>	<u>1,283</u>

### 5 Charitable activities - expenditure

2019	Grants	Direct costs	Support Costs	Set up costs	Total
	£	£	£	£	£
			<b>(note 7)</b>	<b>(note 7)</b>	<b>2019</b>
Research Projects	11,128,739	762,909	411,025	-	12,302,673
Training	420,730	98,774	106,236	-	625,740
Engagement & Reports	-	428,198	262,025	-	690,223
Governance	8	71,670	-	-	71,670
<b>Total</b>	<u>11,549,469</u>	<u>1,361,551</u>	<u>779,286</u>	<u>-</u>	<u>13,690,306</u>

2018	Grants	Direct costs	Support Costs	Set up costs	Total
	£	£	£	£	£
			<b>(note 7)</b>	<b>(note 7)</b>	<b>2018</b>
Research Projects	11,144,516	204,373	80,840	575,793	12,005,522
Training	-	-	-	-	-
Engagement & Reports	-	-	-	-	-
Governance	8	44,000	-	-	44,000
<b>Total</b>	<u>11,144,516</u>	<u>248,373</u>	<u>80,840</u>	<u>575,793</u>	<u>12,049,522</u>

### 6 Grants payable

	2019	2018
	£	£
<b>Grants to lead institutions*</b>		
University of Cambridge	2,315,687	2,842,122
Imperial College London	2,851,167	3,380,002
University of Birmingham	2,886,526	1,954,207
University of Oxford	2,907,888	2,968,185
Smaller grants	588,201	-
	<u>11,549,469</u>	<u>11,144,516</u>
Total number of Grants	33	8

\*Grants were distributed by the lead institutions to a total of 22 universities.

At the period end, the Charity had awarded the following grants. The first four grants are for the Fast Start projects, 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 28 February 2021. 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 2021 on these grants. The amount awarded shown below includes only the amount of the grants due prior to this date.

The figures shown below are the total amounts awarded including amounts already recognised as grants payable.

## NOTES TO THE FINANCIAL STATEMENTS

### 6 Grants payable (continued)

	2019	2018
	£	£
<b>Grants awarded</b>		
University of Cambridge	11,360,247	11,957,322
Imperial College London	12,350,909	11,531,298
University of Birmingham	10,107,781	9,354,458
University of Oxford	11,154,848	10,835,367
Smaller grants	1,726,352	-
	<b>46,700,137</b>	<b>43,678,445</b>
Total number of Grants	45	8

\*Grants were distributed by the lead institutions to a total of 22 universities.

### 7 Support costs & set up costs

	2019	2018
	£	£
Salaries and other staff costs	408,109	215,455
Engagement and communications	-	136,716
Recruitment	48,990	180,944
Legal and professional	26,020	87,311
Office costs	292,703	34,137
Travel	3,464	2,070
Total	<b>779,286</b>	<b>656,633</b>

### 8 Governance

	2019	2018
	£	£
Trustee Costs	44,960	36,682
Accounting and Audit	26,710	7,318
	<b>71,670</b>	<b>44,000</b>

Governance costs includes payments to the auditors of £12,500 (2018: £4,000) excluding VAT in respect of statutory audit fees.

There were no other fees payable to the statutory auditor (2018: £3,000)

### 9 Trustees

None of the Trustees (or any persons connected with them) received any remuneration or benefits from the Charity during the period for their work as Trustees. Nine Trustees were reimbursed for travel expenses during the period. These reimbursements totalled £32,879 (2018: Five Trustees: £31,622). The Faraday Institution covered costs of £8,596 (2018: £nil) for board meeting expenses in the year.

Two Trustees, Professor Peter Littlewood and Mr Stephen Heidari-Robinson undertook executive duties on a part time basis during the period January 2018 to July 2018 as interim director and interim deputy director, respectively, as a temporary measure whilst

the Charity sought a full-time employee for the role. Their appointment in this temporary role and the terms of their remuneration for these roles were agreed by the Board of Trustees at a Board meeting on 22 January 2018, as stipulated in the charity's constitutional document. Professor Littlewood and Mr Heidari-Robinson were themselves absent from this part of the Board discussion and the vote of approval. For the period April 2018 to July 2018, Professor Littlewood was paid fees of £29,308 (2018: £19,750) and Mr Heidari-Robinson, via Simorgh Limited was paid £38,207 (2018: £15,200). The Faraday Institution full time CEO joined in July 2018, at which point, Professor Peter Littlewood and Mr Stephen Heidari-Robinson ceased their executive roles.

## NOTES TO THE FINANCIAL STATEMENTS

### 10 Employees

	2019	2018
<b>Number of employees</b>		
The average monthly number employees (including directors) during the period	10	4

At period end there were 10 permanent members of staff and no interim staff members (2018: 1 permanent, 7 interim).

	2019	2018
<b>Employment costs</b>	£	£
Interim staff salaries	251,417	365,235
Wages and salaries	648,268	2,540
Social security costs	81,419	11
Defined contribution pension costs	11,778	76
	<b>992,882</b>	<b>367,862</b>

The remuneration of key management personnel, including employer's national insurance and pension contributions, is as follows:

	2019	2018
<b>Remuneration of key management personnel</b>	£	£
Aggregate compensation	364,322	100,093

	2019	2018
<b>Number of employees whose annual remuneration was £60,000 or more</b>	£	£
£60,001 to £70,000	1	1
£80,001 to £90,000	1	1
£90,001 to £100,000	1	-
£130,001 to £140,000	1	-
£140,001 to £150,000	1	-

### 11 Tangible fixed assets

	Leasehold improvements £	Computers £	Office furniture £	Pool Car £	Total £
<b>Cost</b>					
Balance at 1 April 2018	153,446	30,367	65,883	-	249,696
Additions	14,866	9,481	11,523	30,085	65,955
<b>Balance at 31 March 2019</b>	<b>168,312</b>	<b>39,848</b>	<b>77,406</b>	<b>30,085</b>	<b>315,651</b>
<b>Accumulated Depreciation</b>					
Balance at 1 April 2018	-	-	-	-	-
Charge for the year	(16,612)	(12,895)	(24,232)	(3,709)	(57,448)
<b>Balance at 31 March 2019</b>	<b>(16,612)</b>	<b>(12,895)</b>	<b>(24,232)</b>	<b>(3,709)</b>	<b>(57,448)</b>
<b>Net book value at 31 March 2019</b>	<b>151,700</b>	<b>26,953</b>	<b>53,174</b>	<b>26,376</b>	<b>258,203</b>
<b>Net book value at 31 March 2018</b>	<b>153,446</b>	<b>30,367</b>	<b>65,883</b>	<b>-</b>	<b>249,696</b>

### 12 Financial instruments

	2019	2018
	£	£
Financial assets measured at amortised cost (a)	17,438,232	14,156,586
Financial liabilities measured at amortised cost (b)	13,046,119	11,615,272

(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

	2019	2018
	£	£
Cash	10,402,337	13,714,988
Short-term bank deposits	7,021,297	-
Total	17,423,634	13,714,988

### 14 Debtors

	2019	2018
Amounts falling due within one year	£	£
Other debtors	7,500	441,598
Prepayments and accrued income	76,440	12,125
Total	83,940	453,723

### 15 Creditors

	2019	2018
Amounts falling due within one year	£	£
Taxation and social security	33,030	550
Other creditors	1,520,132	-
General accruals	70,363	470,756
Accruals for grants payable	11,428,197	11,144,516
Total	13,051,722	11,615,822

### 16 Restricted funds

	EPSRC Equipment grant	EPSRC Training Grant	Total
<b>Opening balance 1 April 2017</b>	-	-	-
Incoming resources	8,658,000	-	8,658,000
Resources expended	(8,575,182)	-	(8,575,182)
Balance at 31 March 2018	82,818	-	82,818
<b>Opening balance 1 April 2018</b>	82,818	-	82,818
Incoming resources		338,449	338,449
Resources expended		(335,730)	(335,730)
Balance at 31 March 2019	82,818	2,719	85,537

### 17 Analysis of net assets between funds

	Unrestricted £	Restricted £	Total £
<b>Fund balances at 31 March 2018 are represented by:</b>			
Tangible assets	249,696	-	249,696
Current assets/(liabilities)	2,470,071	82,818	2,552,889
	2,719,767	82,818	2,802,585
<b>Fund balances at 31 March 2019 are represented by:</b>			
Tangible assets	258,203	-	258,203
Current assets/(liabilities)	4,345,795	85,537	4,431,332
	4,603,998	85,537	4,689,535

## 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:

	2019	2018 (restated)
	£	£
Within one year	156,424	150,180
Between two and five years	307,600	430,090
In over five years	-	-
	<u>464,024</u>	<u>580,270</u>

Lease payments recognised as an expense during the year totalled £129,075.

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

#### Government grants

The Charity's only source of income is received from the Engineering and Physical Sciences Research Council (EPSRC) which is the main funding body for Engineering and Physical Sciences research for the UK, on behalf of the UK Government.

#### Other related parties

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 is for up to £10,901,879 of which £2,968,185 was recognised in 2018 and £2,664,372 in 2019. The unrecognised portion of this grant at 31 March 2019 was £5,009,066. The funding for this grant currently ends March 2021. 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

	2019	2018
	£	£
Net income	1,886,950	2,802,585
<b>Adjustments for:</b>		
Depreciation of fixed assets	57,448	-
Interest received	(62,527)	(1,283)
Decrease/ (Increase) in debtors	369,784	(453,723)
Increase in creditors	1,460,419	11,615,822
<b>Cash generated by operations</b>	<u>3,712,074</u>	<u>13,963,401</u>