EATL GROUP COVENANTORS LIMITED
(A Company limited by guarantee and not having share capital)

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2023

Company Registration Number 10634272

EATL GROUP COVENANTORS LIMITED
(A Company limited by guarantee and not having share capital)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

Company Registration Number 10634272

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(A Company limited by guarantee and not having share capital)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

Company Registration Number 10634272

Company Information

Registered Office	Highdown House Yeoman Way Worthing BN99 3HH
Directors	See page 3
Actuary	Rhiannon Curtis FIA Russell Powles FIA
Secretary	Paul Wallis
Banker	National Westminster Bank plc 42 High Street Sheffield S1 2GE
Solicitors	Eversheds Sutherland (International) LLP 1 Wood Street London EC2V 7WS
Independent Auditors	PricewaterhouseCoopers LLP Central Square 29 Wellington Street Leeds LS1 4DL

EATL GROUP COVENANTORS LIMITED
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ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

Company Registration Number 10634272

Company Information (continued)

DIRECTORS DURING THE YEAR ENDED 31 MARCH 2023 AND SUBSEQUENTLY

Directors	Date of appointment	Date of resignation
Guy Bysouth		6 May 2022
Ian Cutter		22 March 2023
Russell Dougherty		
Glenn English		
Gordon Frisby		
Jennifer Harrison		
Michele Hirons-Wood		
Colin Ross		
Robin Smith		
Daniel Potter	30 November 2022	
Frazer Thomson	1 March 2023	
Edward Davies		30 June 2022
Paul Mulhern		7 July 2022

EATL GROUP COVENANTORS LIMITED
(A Company limited by guarantee and not having share capital)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

Company Registration Number 10634272

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023

The Directors present their Report and the audited Financial Statements of EATL Group Covenantors Limited (the "Company") for the year ended 31 March 2023.

Principal Activities

The Company's principal activity is to act as the Principal Employer of the EA Technology Group of the Electricity Supply Pension Scheme ("ESPS"). The Company was incorporated on 22 February 2017.

Future developments

The Company will continue to operate for the foreseeable future, with its main purpose being to act as Principal Employer for the EA Technology Group of the ESPS.

Business Review

The Company made a profit of £0.28 million (2022 (restated): £Nil) for the year ended 31 March 2023.

As referred to above, the Company does not trade but acts solely as the Principal Employer of the EA Technology Group of the ESPS.

The net pension surplus recorded in these Financial Statements as at 31 March 2023 was £13.77 million (2022: £10.15 million surplus).

Dividends

The Directors did not recommend the payment of a dividend (2022: £nil).

Financial Risk Management Objectives and Policies

The Company is limited by guarantee and does not have issued share capital.

The Company's income is intended to be sufficient to cover its operating costs and the intention is neither to make a profit nor loss. Any profits or losses recorded are in respect of actuarial movements in the deficit of the EA Technology Group of the ESPS.

Liquidity Risk

The Company seeks to manage financial liquidity risk by ensuring sufficient liquidity is available to meet foreseeable needs.

Credit Risk

The Company's principal financial asset which is subject to credit risk is cash. The Directors also keep the credit ratings of the Covenantor Companies under review as part of the annual funding arrangements to mitigate the risk of any default.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

Directors
Page 3 lists the names of Directors during the year ended 31 March 2023.

Directors' Responsibilities for the Financial Statements
Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have prepared the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Standards (United Kingdom Accounting Standards), comprising the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) Section 1A and applicable law.

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year.

In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 Section 1A have been followed, subject to any material departures being 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 Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company 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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

Going Concern

The Directors believe that preparing the Financial Statements on the going concern basis is appropriate due to the continued financial support of the Members of the Company via various contractual arrangements.

The members have approved core budget funding for 2023/24 and beyond, which relate to the funding and running of the Company's pension scheme.

In addition, the Directors of the Company, having previously taken legal advice, confirmed that the members have a funding obligation to the Company and see no reason not to continue to rely on financial support from the Members, for at least twelve months from the date of approval of these Financial Statements confirmed at its meeting on 26 January 2024.

Disclosure of information to Auditors

In so far as the Directors are aware:

1. There is no relevant audit information of which the Company's auditors are unaware; and
2. The Directors have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

Directors' and Officers' Liability
The Directors and Officers are indemnified under insurance policies taken out to cover liability for claims made against them in their capacity as Directors or Officers of the Company.

Directors' Interest in Shares
The Company is limited by guarantee and has no share capital. No Director can therefore hold an interest at any time in the Company.

Directors' Interests in Contracts
None of the Directors had a material interest in any contract of significance to which the Company was a party during the year (2022: none).

Independent auditors
PricewaterhouseCoopers LLP were appointed as independent auditors and have indicated their willingness to continue in office. A resolution concerning their re-appointment will be proposed at the next Board Meeting.

Small Companies exemption
Under the Companies Act section 415A, the Directors have taken advantage of the small companies exemption in relation to the preparation of the Directors' Report.

Information pursuant to the Financial Statements

As part of the restructuring of EA Technology Limited (EATL) in March 2017, the Group Trustees acquired 49% of the share capital of EATL and have options by which EATL may be able to buy some of those shares back for pre-agreed values. EATL issued loan notes to the Group Trustees for £8m due by 31 March 2021.

The Directors noted in 2021 that EATL was not able to repay the loan notes in full by the due date and the management of EATL have produced a revised business plan and four-year forecast to 2025. The Directors noted that the Group Trustees' independent analysis of EATL supports the conclusion that repayment of the loan note in full would make EATL insolvent at that time. Having commissioned an independent review of EATL and considering all their options following receipt of legal and covenant advice, the Group Trustees decided not to enforce repayment of the loan note and entered into a negotiation with EATL instead.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023 (continued)

Information pursuant to the Financial Statements (continued)

The legal documentation relating to those negotiations concluded on 9 December 2021 which resulted, inter alia, in a total of £2,300,000 being paid in the months leading up to December 2021 with the balance of £5,300,000 to be paid in 12 monthly instalments of £110,000 from April 2022, increasing to £125,000 per month for the following three years (the "Revised Agreement").

The Directors noted that the Group Trustees included the investment in EATL and the loan notes at nil valuation in their 2019, 2020, 2021 and 2022 financial statements having considered a number of factors including the default on the loan notes and EATL's financial position in conjunction with financial forecasts produced as at 31 March 2023. The Directors concurred with the Group Trustees' conclusions.

The Directors understand that the Group Trustees have considered EATL's subsequent performance under the Revised Agreement (which is understood to have included a technical default) and the latest financial position and forecasts provided by management of EATL. The Directors also understand that the Group Trustees' covenant advisers have considered the likely return to the Group from the loan note were the Group Trustees to consider enforcement of their security. Given there was a shortfall shown in the potential loan note recovery as an unsecured creditor, the equity holding in EATL, which reduced from 49% to 12.5% in the year ended 31 March 2023, was deemed by the Group Trustees to be of no value. The Group Trustee has valued the loan notes with EATL as at 31 March 2023 using the net present value of the future cash flows and included these at a value of £4.33m (2022: £nil). Having considered the factors above, the Directors concur with this valuation.

BY ORDER OF THE BOARD

Secretary
Paul Wallis

21/02/2024

Independent auditors' report to the members of EATL Group Covenantors Limited

Company Registration Number 10634272

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion, EATL Group Covenantors Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 March 2023; the Income Statement, the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Independent auditors' report to the members of EATL Group Covenantors Limited

Company Registration Number 10634272

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Conclusions relating to going concern

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 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.

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Independent auditors' report to the members of EATL Group Covenantors Limited

Company Registration Number 10634272

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Reporting on other information (continued)

Directors' Report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 March 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements
As explained more fully in the Directors' Responsibilities for the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 directors are responsible for assessing the 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Independent auditors' report to the members of EATL Group Covenantors Limited

Company Registration Number 10634272

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Responsibilities for the financial statements and the audit (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to financial reporting requirements of the Companies Act 2006, including United Kingdom Accounting Standards FRS 102 Section 1A, and tax regulatory compliance in the UK, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries or fraudulent journals to improve the result of the company for the year. Audit procedures performed by the engagement team included:

- Reviewing minutes of meetings and enquiries with management to identify any non-compliance with laws and regulations noted above.
- Identifying and testing journal entries focussing on those that could potentially fraudulently alter the profit of the company.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

EATL GROUP COVENANTORS LIMITED
(A Company limited by guarantee and not having share capital)

Independent auditors' report to the members of EATL Group Covenantors Limited

Company Registration Number 10634272

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Charlotte Kennedy.

Charlotte Kennedy (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds

21 February 2024

EATL GROUP COVENANTORS LIMITED
(A Company limited by guarantee and not having share capital)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

INCOME STATEMENT

Company Registration Number 10634272

	Note	**Year ended 31 March 2023 £000**	Year ended 31 March 2022 £000 (Restated)
Turnover	4	**673**	443
Administrative expenses		**(673)**	(443)
Operating profit		**-**	-
Interest receivable	7	**4**	-
Other finance income	11	**280**	-
Profit on ordinary activities before interest and taxation		**284**	-
Tax on profit on ordinary activities	8	**-**	-
Profit for the financial year		**284**	-

There is no difference between the profit on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents.

All turnover and operating profit for the year as stated in the above Income Statement has been generated from continuing operations.

The accompanying Notes to the Financial Statements form an integral part of these Financial Statements.

Refer to note 4 on page 23 for further information on the 2022 restated figures.

EATL GROUP COVENANTORS LIMITED
(A Company limited by guarantee and not having share capital)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

STATEMENT OF COMPREHENSIVE INCOME

Company Registration Number 10634272

	Note	**Year ended 31 March 2023**	Year ended 31 March 2022 (Restated)
		£000	£000
Profit for the financial year		**284**	-
Actuarial gains on pension scheme & past service costs	11	**740**	7,720
Other comprehensive expense			-
Change in fair value of reimbursement asset		**(6,754)**	7
Total comprehensive income for the year		**(5,730)**	7,727

Refer to note 4 on page 23 for further information on the 2022 restated figures.

EATL GROUP COVENANTORS LIMITED
(A Company limited by guarantee and not having share capital)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

Company Registration Number 10634272

	Note	**As at 31 March 2023**	As at 31 March 2022 (Restated)
		£000	£000
Reimbursement asset	12	**4,848**	14,202
Total Non current assets		**4,848**	14,202
Current assets			
Debtors	9	**31**	799
Cash at bank and in hand		**1,044**	889
		1,075	1,688
Creditors: amounts falling due within one year	10	**(1,071)**	(1,688)
Total assets less current liabilities		**4,852**	14,202
Post-employment benefits (Pension surplus)	11	**13,770**	10,150
Net assets		**18,622**	24,352
Capital and reserves			
Called up share capital	13	**-**	-
Retained earnings		**18,622**	24,352
Total equity		**18,622**	24,352

The Notes on pages 18 to 32 are an integral part of these Financial Statements.

The Financial Statements have been prepared in accordance with the provisions applicable to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A – small entities.

Refer to note 4 on page 23 for further information on the 2022 restated figures.

These Financial Statements on pages 14 to 32 were authorised for issue by the Board of Directors on 21/02/2024 , and signed on their behalf.

EATL Group Covenantors Limited

Michele Hirons-Wood (Feb 21, 2024 10:44 GMT)

Michele Hirons-Wood
Director

EATL GROUP COVENANTORS LIMITED
(A Company limited by guarantee and not having share capital)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

Company Registration Number 10634272

	Called-up share capital £000	(Accumulated Losses)/Retained earnings £000	Total £000
Balance as at 1 April 2021	**-**	**(170)**	**(170)**
Impact in recognition of Reimbursement asset		16,795	16,795
Balance as at 1 April 2021 (restated)		16,625	16,625
Profit for the year (restated)	-	-	-
Other comprehensive income (restated)	-	7,727	7,727
Total comprehensive income for the year	**-**	**7,727**	**7,727**
Balance as at 31 March 2022 (Restated)	-	**24,352**	**24,352**
Balance as at 1 April 2022	-	24,352	24,352
Profit for the year		284	284
Other comprehensive income	-	740	740
Other comprehensive expense		(6,754)	(6,754)
Total comprehensive income for the year ended 31 March 2023	-	**(5,730)**	**(5,730)**
Balance as at 31 March 2023	-	**18,622**	**18,622**

Refer to note 4 on page 23 for further information on the 2022 restated figures.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Company Registration Number 10634272

1. General Information

EATL Group Covenantors Limited ("the Company") was formed to exercise, perform or discharge (whether alone or jointly with others) any function, power or duty as Principal Employer of the EA Technology Group of the ESPS.

The Company is a private company limited by guarantee and is incorporated and domiciled in England. The address of its registered office is detailed on page 2.

2. Statement of compliance

The individual Financial Statements of EATL Group Covenantors Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") Section 1A and the Companies Act 2006.

3. Summary of significant accounting policies

The Principal Accounting Policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated, those periods being 2023 and 2022 (restated).

a) Basis of preparation

The Financial Statements have been prepared on a going concern basis, under the historical cost convention.

The preparation of Financial Statements in conformity with FRS 102 Section 1A requires the use of certain critical accounting estimates. It also requires the management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in Note 3f, 3g and 3j.

b) Going concern

The Directors believe that preparing the Financial Statements on the going concern basis is appropriate due to the continued financial support of the members as confirmed at its meeting on 26 January 2024. This support will last for the foreseeable future and for a minimum for a period of at least twelve months from the signature of these financial statements.

3. Summary of significant accounting policies (continued)

c) Exemptions for qualifying entities under FRS 102/Companies Act
FRS 102/Companies Act allows a qualifying entity certain disclosure exemptions:

I. A Strategic Report is not required under the Companies Act 2006 as the Company is determined to be a small company and thus can apply the small company exemption; and
II. The Company has taken advantage of the exemption, under FRS 102 Section 1A from preparing a statement of cash flows, on the basis that the Company is determined to be a small company and thus can apply the small company exemption.

d) Foreign currency
The Company's functional and presentation currency is pounds sterling because this is the currency of the market in which the Company operates in and in which all transactions are currently undertaken.

e) Revenue recognition
Contributions from Company members which are used to fund the Company's defined benefit obligation have previously been recognised as Turnover in the Company's income statement. During the year, after discussions with its professional advisers, the Directors agree that such contributions should not be classified as Turnover, and should be classified as a long-term reimbursement asset as:

I. the Company has a contractual obligation to the contributions paid by its members, and is therefore virtually certain to be received; and
II. the contributions are not revenue which has been earned in the course of the Company's activities.

Due to this prior year error, the prior year financial statements have been restated to reflect the impact on the Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity. See note 4 for more detail.

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for services rendered net of discounts and rebates allowed by the Company and value added taxes. The services rendered are performed in the Company's capacity as the Principal employer of a defined benefit pension scheme. The Company will be reimbursed for administrative expenses that relate not only to its own operations but also that of the defined benefit pension scheme.

The Company recognises revenue when invoices are issued based on an agreed budget with its members.

3. Summary of significant accounting policies (continued)

Income is normally invoiced with a credit term of 30 days. The element of financing is deemed immaterial and is disregarded in the measurement of revenue.

f) Employee benefits

As described in Note 11 the Company operates a defined benefit pension scheme which has only pensioner and deferred pensioner members. Pension scheme assets are measured using bid values. Pension scheme liabilities are measured using the projected unit actuarial method. Annually the Company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality Index-linked bonds of equivalent terms to the liability. The expected return on the pension scheme's assets and the increase during the year in the present value of the pension scheme's liabilities arising from the passage of time, are included in other finance costs. As the company directly pays the administration expenses of running the scheme, they are excluded from the figures within the employee benefits note. These costs are paid by the Company, rather than going through the scheme and being separately identified by thc Company actuary.

Actuarial gains and losses are recognised in the Statement of Changes in Equity.

g) Taxation

Taxation expense for the year comprises current and deferred tax recognised in the reporting year. Tax is recognised in Retained Earnings, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

I. Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted by the year end; and

II. Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the Financial Statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of timing differences.

3. Summary of significant accounting policies (continued)

h) Administrative expenses
Administration services are provided by Capita and charged at a fee. Audit, taxation fees and other fixed costs are paid upon invoice presentation and are accounted for on an accruals basis.

i) Staff costs
The Company has no employees.

j) Reimbursement asset
The Company recognises a reimbursable asset in its financial statements, being the net present value of the future obligations on its members to fund the Company's defined benefit pension obligations to the EATL Group of the ESPS.

The value of the reimbursement asset, shown in note 12, is valued on an annual basis by the Company's professional advisers, using the following assumptions:

I. The contributions receivable from members are equal to the amount due contained within the Schedule of Contributions effective as at the year-end date.
II. All contributions from members are assumed to be received on 31 March each year (in line with the recovery period).
III. The discount rate assumptions used are the same as those adopted to value Group's pension liabilities under FRS 102 at each year end.

The annual fair value remeasurement of the reimbursement asset shall be recognised in the financial statements within Other Comprehensive Income.

k) Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

As part of the restructuring of EATL in March 2017, the Group Trustees acquired 49% of the share capital of EATL and have options by which EATL may be able to buy some of those shares back for pre-agreed values. EATL issued loan notes to the Group Trustees for £8m due by 31 March 2021.

The Directors noted in 2021 that EATL were not able to repay the loan notes in full by the due date and the management of EATL produced a new business plan and four-year forecast to 2025. The Directors noted that the Group Trustees' independent analysis of EATL support the conclusion that repayment of the loan note in full would make EATL insolvent. Having commissioned an independent review of EATL and considering all their options following receipt of legal and covenant advice, the Group Trustees decided not to enforce repayment of the loan note and entered into a negotiation with EATL instead. The legal documentation relating to those negotiations concluded on 9 December 2021 which resulted, inter alia, in a total of £2,300,000 being paid in the months leading up to December 2021 with the balance of £5,300,000 to be paid in 12 monthly instalments of £110,000 from April 2022, increasing to £125,000 per month for the following three years (the "Revised Agreement").

The Group Trustees included the investment in EATL and the loan notes at a nil valuation in both the 2019, 2020 and 2021 financial statements. The Directors understand that the Group Trustees have considered EATL's subsequent performance under the Revised Agreement (which is understood to have included a technical default) and the latest financial position and forecasts provided by management of EATL and the Directors also understand that the Group Trustees' covenant advisers have considered the likely return to the Scheme from the loan note were the Group Trustees to consider enforcement of their security. Given there was a shortfall shown in the potential loan note recovery as an unsecured creditor, the equity holding in EATL, which reduced from 49% to 12.5% in the year ended 31 March 2023, was deemed by the Group Trustees to be of no value. The Group Trustee has valued the loan notes with EATL as at 31 March 2023 using the net present value of the future cash flows and included these at a value of £4.33m (2022: £nil). Having considered the factors above, the Directors concur with this valuation. This is considered to be a critical accounting judgement.

4. Turnover

Turnover reflects funding provided by the members in respect of the Company's administration expenses and pension costs. The pension costs relate to the administrative expenses of the defined benefit pension scheme for which the Company is the Principal Employer. Revenue is solely derived from activities in the UK. Turnover is stated net of valued added tax.

The Directors have now determined that the accounting policy in place for revenue recognition was not suitable due to the economic reality of the contributions received from EGCL members. Members are required to pay £2.6m per annum to EGCL, which is subsequently paid to the EATL Group of the ESPS as Deficit Funding Contributions, as required by the Schedule of Contributions agreed between EGCL and the EATL Group. It was determined that accounting for the member payments to EGCL as turnover was inappropriate as it suggests the funds were earned as part of the company's trading activity, which is not an accurate reflection of the nature of the receipts. Turnover for the comparative period has been restated due to an incorrect application of accounting standards.

The following table shows the impact of the prior year restatement on the individual line items of the financial statements:

Financial Statement affected	Line Item affected	Prior to restatement £000	After restatement £000
Income Statement	Turnover	3,043	443
Statement of Comprehensive Income	Change in fair value of reimbursement asset	Nil	7
Statement of Financial Position	Reimbursement assets	Nil	14,202
Statement of Changes in Equity	Retained earnings 1 April 2021	(170)	16,625
Statement of Changes in Equity	Retained earnings 31 March 2022	10,150	24,352

EATL GROUP COVENANTORS LIMITED
(A Company limited by guarantee and not having share capital)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Company Registration Number 10634272

5. Operating profit

Operating profit is stated after charging:	**2023 £000**	2022 £000
Fees payable to the Company's Auditors for the audit of the Company's Financial Statements	41	3
Fees payable to the Company's Auditors for the audit of the EA Technology Group of ESPS	24	25

The 2023 fees payable to the Company's Auditors for the audit of the Company's financial statements includes both 2022 and 2023 fees. This is due to the nature of when the fees were paid.

6. Employees and Directors

The Directors are not employees of the Company and as such the Company has no employees.

7. Net interest received

The Company received bank interest of £4,060 during the year under review (2022: nil).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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8. Tax on profit on ordinary activities

Reconciliation of tax charge

The tax assessed for the year is unchanged from the main rate of corporation tax in the UK 2023: 19% (2022: 19%).

The differences are explained below:

	2023	Restated 2022
	£000	£000
Profit on ordinary activities before tax	**284**	-
Profit on ordinary activities before tax multiplied by the standard rate of tax in the UK of 19% (2022: 19%)	**54**	Nil
Effects of:		
Expenses not deductible for tax purposes	**(54)**	Nil
Tax charge for year	-	-

Tax rate changes

In the Budget 2020, the government announced that the corporation tax main rate (for all profits except ring fence profits) for the years starting 1 April 2020 and 2021 would remain at 19%. In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021.

In the Autumn Statement in November 2022, the government confirmed the increase in corporation tax rate to 25% from April 2023.

9. Debtors

	2023	2022
	£000	£000
Trade debtors	3	799
Other taxation – VAT receivable	26	-
Interest receivable	2	-
	31	799

Trade debtors for 2023 relate to expenses to be recharged to the covenantor companies. For 2022, trade debtors relate to invoices sent to the covenantor companies in respect of funding for 2023. No debtors fell due after more than one year.

10. Creditors: amounts falling due within one year

	2023	2022
	£000	£000
Trade creditors	177	24
Other taxation - VAT payable	-	119
Accruals and deferred income	894	1,545
	1,071	1,688

Trade creditors relate to invoices received prior to 31 March 2023 which had not been settled at the year end. There are no creditors falling due after more than one year.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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11. Post-employment benefits

The Company operates a pension scheme for the former employees of EATL. The amount recognised in the Statement of Financial Position is as follows:

	2023	2022
	£000	£000
Defined benefit scheme asset	**13,770**	10,150

The amount recognised in the Income statement is as follows:

	2023	2022
	£000	£000
Interest cost	**(2,490)**	(2,000)
Expected return on scheme assets	**2,770**	2,000
Other finance income	**280**	-
Income statement credit	**280**	-

Defined Benefit scheme

The Company operates a Defined Benefit pension scheme for former employees of EATL with assets held in a separately administered fund. The scheme provides retirement benefits on the basis of members' final salary. The scheme is administered by Group Trustees who are responsible for ensuring that the scheme is sufficiently funded to meet current and future obligations. The Company has agreed a funding plan with the Group Trustees, whereby contributions to reduce the funding deficit are made into the scheme having been agreed with the Group Trustees. There are no active members and the scheme is closed to new entrants.

A comprehensive actuarial valuation of the scheme, using the projected unit basis, was carried out as at 31 March 2022 by Rhiannon Curtis FIA and Russell Powles FIA of Aon Hewitt Ltd, independent consulting actuaries.

For the purposes of FRS 102, a valuation as at 31 March 2023 has been carried out by Russell Powles FIA and Rhiannon Curtis FIA of Aon Hewitt Ltd.

The Directors are of the view that the surplus is recoverable on the basis that a right of refund exists under the Scheme rules, assuming the gradual settlement of the liabilities overtime until all the members have left the Scheme. Based on this view the surplus is recognised as a non-current asset on the Statement of Financial Position.

11. Post-employment benefits (continued)

The major assumptions used by Aon Hewitt Ltd as at 31 March 2023 were:

	31 March 2023 % p.a.	31 March 2022 % p.a.
Rate of general long-term increase in salaries	**n/a**	n/a
Main section pension increases in excess of GMPs	**3.00**	3.15
Post 88 GMPs	**2.10**	2.15
Discount rate for scheme liabilities	**4.80**	2.75
Rate of inflation (RPI)	**3.20**	3.70
Rate of inflation (CPI)	**2.65**	3.15

Mortality Assumptions

The mortality assumptions are based on standard mortality tables which allow for expected future mortality improvements.

The mortality assumptions used were as follows:

	2023 years	2022 years
Longevity at age 65 for current and future pensioners		
- Men	**22.5**	23.1
- Women	**24.5**	24.8

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Company Registration Number 10634272

11. Post-employment benefits (continued)

Reconciliation of scheme assets and liabilities

The assets and liabilities in the scheme were:

	Value at 31 March 2023 £000	Value at 31 March 2022 £000
Equities	**7,370**	18,470
Property loan assets	**6,000**	5,730
Bonds	**4,150**	8,710
Loan Notes	**4,330**	-
Liability driven investments	**30,750**	38,580
Cash deposits and other investment assets	**32,660**	31,540
Total market value of assets	**85,260**	103,030
Present value of Group liabilities	**(71,490)**	(92,880)
Surplus/(Deficit) in scheme	**13,770**	10,150

100% of the long-term rate of return expected as at 31 March 2023 arises on pooled investment vehicles.

	Assets £000	Liabilities £000	Total £000
At 1 April 2021	99,570	(99,740)	(170)
Benefits paid	(4,390)	4,390	-
Employer deficit contributions	2,600	-	2,600
Interest income/(expense)	2,000	(2,000)	-
Re-measurement gains			
- Actuarial gains	3,250	4,470	7,720
At 31 March 2022	103,030	(92,880)	10,150

	Assets £000	**Liabilities £000**	**Total £000**
At 1 April 2022	**103,030**	**(92,880)**	**10,150**
Benefits paid	**(4,860)**	**4,860**	**-**
Employer deficit contributions	**2,600**	**-**	**2,600**
Interest income/(expense)	**2,770**	**(2,490)**	**280**
Remeasurement (losses)/gains			
- Actuarial (losses)/gains	**(18,280)**	**19,020**	**740**
At 31 March 2023	**85,260**	**(71,490)**	**13,770**

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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11. Post-employment benefits (continued)

Total income recognised as a gain:

	2023 £000	2022 £000
Interest income	**(280)**	-
Total Income	**(280)**	-

No amounts were included in the costs of assets (2022: nil).

The fair value of the scheme's assets were:

	2023 £000	2022 £000
Opening fair value of scheme assets	**103,030**	99,570
Interest income	**2,770**	2,000
Gain/(loss) on scheme assets	**(18,280)**	3,250
Contributions by the employer	**2,600**	2,600
Net benefits	**(4,860)**	(4,390)
	85,260	103,030

None of the scheme's assets are invested in the Company's financial instruments or in property occupied by, or other assets used by, the Company.

The return on the scheme assets was:

	2023 £000	2022 £000
Interest income	**2,770**	2,000
(Loss)/gain on scheme assets	**(18,280)**	3,250
Total return on scheme assets	**(15,510)**	5,250

As disclosed in Note 3j above, on 10 July 2023 EATL repaid the full balance of the outstanding loan note of £3,561,543 to the EATL Group of ESPS. As part of this agreement, the Group Trustees existing equity stake reduced from 49% to 12.5% and will reduce further to 10% from 31 August 2024. The Directors recognise that the Group Trustees have included these loan notes in the net assets of the scheme at £4.33m as at 31 March 2023 (2022: £nil). The notes are valued by the Group Trustees at the net present value of the future cashflows.

As disclosed in Note 3j, the equity share continues to be valued at nil (2022: £nil).

12. Reimbursement asset

Value at 1 April 2021 £'000	Contributions from members £'000	Change in fair value £'000	Value at 31 March 2022 £'000
16,795*	(2,600)	7	14,202

Value at 1 April 2022 £'000	Contributions from members £'000	Change in fair value £'000	Value at 31 March 2023 £'000
14,202*	**(2,600)**	**(6,754)**	**4,848**

The Directors have now determined that the accounting policy in place for revenue recognition was not suitable due to the economic reality of the contributions received from EGCL members. Members are required to pay £2.6m per annum to EGCL, which is subsequently paid to the EATL Group of the ESPS as Deficit Funding Contributions, as required by the Schedule of Contributions agreed between EGCL and the EATL Group. It was determined that accounting for the member payments to EGCL as turnover was inappropriate as it suggests the funds were earned as part of the company's trading activity, which is not an accurate reflection of the nature of the receipts. Turnover for the comparative period has been restated due to an incorrect application of accounting standards.

The Directors also determined the fair value of the future cashflows of the annual receipts from members should be recognised in the financial statement as a reimbursement asset. The reimbursement asset as at 31 March 2021 and 2022 is recognised based upon the receipts payable, which equate to the amounts payable to the EATL Group of the ESPS under the Schedule of Contributions in place between the Group and EGCL, certified by the Group Actuary on 4 December 2019. The reimbursement asset as at 31 March 2023 is based upon the Schedule of Contributions certified on 13 April 2023. Prior to the formal certification of this Schedule of Contributions, it was signed on behalf of the Group Trustee's on 31 March 2023, therefore it has been deemed appropriate to use as a basis of valuing the reimbursement asset at 31 March 2023.

To allow for the inclusion of the reimbursement asset in the financial statements, the fair value of the capital contributions from EGCL members has been calculated as at 31 March 2021, 31 March 2022 and 31 March 2023.

12. Reimbursement asset (continued)

The fair value of the reimbursement asset has been determined by EGCL actuarial advisor using the corporate bond discounts rate which is calculated as follows:

31 March 2021: £16.8m, being the present value of £2.6m p.a. from 31 March 2022 to 31 March 2028 discounted at 2.05%.
31 March 2022: £14.2m, being the present value of £2.6m p.a. from 31 March 2023 to 31 March 2028 discounted at 2.75%.
31 March 2023: £4.8m, being the present value of £2.6m p.a. from 31 March 2024 to 31 March 2025 discounted at 4.80%.

13. Called up share capital

The Company is limited by Guarantee and has no share capital (2022: nil).

14. Guarantees, commitments and contingent liabilities

The Company has an ongoing commitment in its principal activity as Principal Employer to the EA Technology Group of the ESPS.

There are no other guarantees, commitments or contingencies.

15. Related party transactions

There were no related party transactions during the year (2022: none), except for the amounts invoiced to and received from the members.

16. Controlling parties

As at 31 March 2023 and at the date of the approval of these Financial Statements, EATL Group Covenantors Limited, a company registered in England and Wales, has no controlling party.

17. Subsequent events

On 10 July 2023, EATL repaid the full balance of the outstanding loan note of £3,561,543. As part of this agreement, the Group Trustees existing equity stake reduced from 49% to 12.5% and will reduce further to 10% from 31 August 2024.