Box Clever Technology Limited

Annual report and financial statements

Registered number 3866274

30 September 2020

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Directors' report

The directors present their annual report and financial statements for the year ended 30 September 2020.

Principal activities

The principal activity of the Company is that of a holding company. The Company did not trade during the year ended 30 September 2020.

Box Clever Technology Limited ("BCTL") is a joint venture between Carmelite Investments Limited and Granada UK Rental & Retail Limited and was formed to consummate the merger of the Thorn and Granada TV Rental businesses in 2000.

On 24 September 2003, certain of the Company's subsidiaries were put into administrative receivership. The group headed by the Company had no other trading operations. The Company's interests in that part of the group reverted to that of an investment and, as the Company has no other material subsidiaries, these financial statements therefore present information about the Company and not its Group. The subsidiaries placed into administrative receivership on 24 September 2003 have either been dissolved or remain so at the date of this report or are in liquidation.

On 21 December 2004 Box Clever Holdings Ltd, through which the company held its investment in the Box Clever group, was put into administrative receivership and on 16 March 2010 Box Clever Holdings Ltd was dissolved.

The Company is aware that the administrative receiver of a number of the Company's former subsidiaries has sold all or substantially all of the business of those former subsidiaries to a third party, although the Company has not to date received directly any detailed confirmation of such disposal.

The Company is the principal employer of the Box Clever Technology Group Pension Scheme (the "Scheme") which in December 2014 was validated for an assessment period to enter the Pension Protection Fund. On 18 November 2009 ITV plc (the ultimate parent undertaking of Granada UK Rental & Retail Limited), Granada UK Rental & Retail Limited and ITV's subsidiaries (excluding Box Clever Technology Limited) applied for a clearance statement from the Pensions Regulator (the "Regulator") to secure comfort that the Regulator would not use its powers to issue Contribution Notices or Financial Support Directions against them in relation to the Scheme (Carmelite Investments Limited had previously applied for such a clearance statement and had been informed by the Regulator that the Regulator did not consider that it had jurisdiction in the matter).

The Regulator replied to ITV stating that it did not feel that it was appropriate to provide a clearance statement to those applicants. On 30 September 2011, the Regulator issued a formal warning notice to ITV and certain of its wholly owned subsidiaries, indicating the intention to seek Financial Support Directions against them. The Company was identified in the warning notice as a Directly Affected Party, but not as a party against which a Financial Support Direction might be sought.

Following a hearing in front of the Determinations Panel of the Regulator held in December 2011, the Determinations Panel of the Regulator determined on 21 December 2011 that a Financial Support Direction should be issued against ITV and certain of its wholly owned subsidiaries. ITV lodged an appeal against that decision with the Upper Tribunal and that was heard in January 2018. On 18 May 2018 the Upper Tribunal published its judgment dismissing ITV's appeal. ITV lodged an appeal against that decision with the Court of Appeal and that was heard in May 2019. On 20 June 2019 the Court of Appeal dismissed ITV's appeal. On 13 February 2020 the Supreme Court refused ITV's application to appeal that judgment. On 17 March 2020 Financial Support Directions were issued to ITV plc and four related companies.

On 6 August 2020 ITV plc issued its interim results for the period ended 30 June 2020. In those results there were a number of references to the Box Clever pension scheme including the following:

"Other costs [£49m in the period] include an estimate for the settlement of the Box Clever case (see Note 3.2 of the financial statements for further detail), impairment to sports rights that are not COVID-19 related, and other legal costs in relation to litigation outside the normal course of business."

"In determining the estimate for the Box Clever provision, management has provided for the initial offer made to The Pensions Regulator (TPR), which is believed to be the best estimate at this time (see note 3.2)."

"Included in other costs is an estimate of the settlement in relation to the Box Clever case (£31 million) (see Note 3.2), impairments to sports rights that are not related to COVID-19 (£16 million) and other legal costs in relation to litigation outside the normal course of business."

"operating exceptional items of £89 million (2019: £35 million) relating to: £10 million of acquisition-related expenses, primarily performance-based, employment linked consideration; £3 million of restructuring and reorganisation costs; £27 million (2019: £nil) COVID-19 related, and other of £49 million (2019: £3 million) which comprises predominantly an estimate of the settlement in relation to the Box Clever case and an impairment of a sports right."

Note 3.2 Provisions [relevant section]
"Legal and Other provisions totalling £34 million (31 December 2019: £3 million) includes a provision for the potential liability that may arise as a result of the Box Clever Financial Support Directions (FSD) being issued by the TPR.

"The Box Clever Pension Scheme ('the Scheme') was managed from its establishment by an independent trustee and the Group has not had any commercial connection with the Box Clever business since it went into administrative receivership in 2003. After court proceedings in the Upper Tribunal and Court of Appeal were dismissed, certain companies within ITV were issued with FSDs by the TPR on 17 March 2020. An FSD does not set out what form any financial support should take, nor its amount, and no issues as to the quantum and form of any liability have yet been addressed or resolved as part of the legal process. The legislation provides that any contribution that ITV may make must be considered reasonable and affordable. If an agreement is reached with the TPR there may not be an immediate cash flow impact. If an agreement cannot be reached then settlement may be protracted and subject to further legal proceedings over several years.

"At 2003, the Scheme is estimated to have had a deficit on a buyout basis of £25 million. The most recent estimate of the deficit in the Box Clever Group Pension Scheme is £110 million as at 30 April 2020. This estimate was calculated on a buyout basis, using membership data and benefits currently being provided in that Scheme, and based on membership data as of February 2020. Both of these valuations were of the whole Scheme, encompassing liabilities in respect of former employees of Granada's joint venture partner, Thorn, as well as former employees of the Group. Given the significant number of undecided issues as to the quantum and form of financial support, the Group will strongly contest any attempt to impose liability in an amount the Directors consider unreasonable.

"The Directors continue to believe there are many important factors which need to be taken into account in any decision and therefore there remains a great deal of uncertainty around the quantum and form of financial support to be provided. The provision of £31 million is based on our proposal issued to the regulator on 31 July 2020 and represents the IAS 19 valuation, using market conditions at 30 April 2020."

No Financial Support Direction was sought, or issued, against the Company and the Company has not been a party to the proceedings.

Going concern

These accounts have not been prepared on a going concern basis. The effect of this is explained in note 1 to the financial statements. These financial statements are prepared in accordance with part 1A of FRS 102 accounting for small entities.

Proposed dividend

No dividends were paid or proposed during the year *(2019: £nil)*.

Directors

The directors who held office during the year were as follows:

JBS Tibbitts
AD Gurnham

Arrangements are in place from the joint venture parent undertakings or their groups to provide indemnities to one or more of the Company's directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

Political and charitable donations

The Company made no political or charitable donations during the year.

Audit exemption
The Company has met the criteria set out in Section 477 of the Companies Act 2006 and is claiming exemption from the audit of their individual accounts afforded by those sections for the year ended 30 September 2020.

Small companies provision statement
This report has been prepared in accordance with the provisions available to companies entitled to the small companies exemption.

By order of the board

J B StJ Tibbitts
Director

Registered Office:
5 New Street Square
London
EC4A 3TW

5th October 2020

Registered Number 3866274

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with applicable law and Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

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 period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so (as explained in note 1, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis).

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 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Income Statement and Other Comprehensive Income

For the year ended 30 September 2020

During the financial year and the preceding financial year the Company did not trade and received no income and incurred no expenditure. Consequently, during those years the Company made neither a profit nor a loss. The company has no other gains or losses for the year.

Statement of Financial Position

at 30 September 2020

	Note	**2020** **£000**	2019 £000
Fixed assets			
Investments	*3*	-	-
		-	-
Current assets			
Debtors	*4*	-	-
Net assets		-	-
Capital and reserves			
Called up share capital	*5*	**2,000**	2,000
Share premium		**8,000**	8,000
Retained earnings		**(10,000)**	(10,000)
Total equity		-	-

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

For the financial year ending 30 September 2020 the company was entitled to exemption from audit under section 477 of the Companies Act 2006.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006; and
- The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

These financial statements were approved by the Board of Directors and were authorised for issue on 5th October 2020 and were signed on its behalf by:

J B StJ Tibbitts
Director

Registered number: 3866274

Statement of changes in equity

For the year ended 30 September 2020

	Called up share capital	Share premium	Retained earnings	Total equity
	£'000s	£'000s	£000's	£000's
Balance as at 1 October 2019	2,000	8,000	(10,000)	-
Result for the period	-	-	-	-
Balance as at 30 September 2020	2,000	8,000	(10,000)	-
Balance as at 1 October 2018	2,000	8,000	(10,000)	-
Result for the period	-	-	-	-
Balance as at 30 September 2019	2,000	8,000	(10,000)	-

Cash flow statement

For the year ended 30 September 2020

During the financial year and the preceding financial year the Company did not trade, had no cash transactions nor holds any cash or cash equivalents. Consequently, during those years the Company had no cash flows.

Notes
(forming part of the financial statements)

1 Accounting policies

Box Clever Technology Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 102 applicable in the UK and Republic of Ireland (FRS 102) as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentational currency of these financial statements is sterling.

Going concern

During the financial year and the preceding financial year the Company did not trade and received no income and incurred no expenditure. Consequently, during those years the Company made neither a profit nor a loss. At this time, the Company is not expected to generate income and incur expenses in the future, therefore, these accounts have not been prepared on a going concern basis. Given that the Company does not have assets on its statement of financial position, there is no accounting impact on the financial statements, which would normally include reflecting all assets at their estimated recoverable amount. Furthermore, the Company has no obligations which need to be provided for as at 30 September 2020.

Basis of non-consolidation

Under section 405 of the Companies Act 2006 a subsidiary undertaking may be excluded from consolidation if its inclusion is not material for the purpose of giving a true and fair view. As at 30 September 2020, other than the subsidiaries in liquidation or within administrative receivership (and excluded from consolidation under section 400 of the Companies Act 2006) all remaining subsidiaries are not material.

As a result, the Company is exempt from the requirement to prepare consolidated accounts. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

Incidental expenses

Incidental expenses of the Company have been borne by the joint venture parent undertakings.

2 Directors' emoluments and employee information

In the year to 30 September 2020, 1 director (2019: 1) was remunerated by ITV plc group companies. No other director received any fees or emoluments for their qualifying services to the Company during the year (2019: nil).

There were no employees of the Company during the year *(2019: nil)*.

Notes *(continued)*

3 Investments

	£
Cost	
At 1 October 2019 and 30 September 2020	4
Provisions	
At 1 October 2019 and 30 September 2020	(2)
Net book value	
At 1 October 2019 and 30 September 2020	**2**

The Company directly holds the following investments in subsidiary undertakings at 30 September 2020:

- One £1 ordinary share in Box Clever Trustees Limited (Trustee to Boxclever Group Pension Scheme) representing 100% of the issued share capital of that entity;
- One £1 IPT share in UK Consumer Electronics Limited (in liquidation) (representing less than 1% of the issued share capital). The file at Companies House states that the dissolution of this company previously due to have taken effect on 18 June 2020 has been deferred and is now scheduled to take effect on 18 June 2024 (unless a further direction is issued).

The Company held one £1 IPT share in TUK Holdings Limited (representing less than 1% of the issued share capital) which company was formally dissolved on 30 March 2017.

The Company's immediate subsidiary, Box Clever Holdings Limited, ('BCHL') (a party to a debenture relating to the borrowings of Box Clever Finance Limited, ('BCFL'), (the subsidiary of BCHL) was placed into administrative receivership on 21 December 2004 and was formally dissolved on 16 March 2010.

On 24 September 2003 BCFL, and certain of its subsidiaries (including UK Consumer Electronics Limited which was subsequently on 10 November 2014 placed into liquidation), were put into administrative receivership and these companies have either been dissolved or placed into liquidation or remain in receivership as at 30 September 2020.

4 Debtors

	2020	2019
	£000	£000
Amounts owed by subsidiary undertakings	**-**	-

Gross debt of £10,000,000 due from BCFL has been provided for in full following the appointment of administrative receivers to that company on 24 September 2003.

Notes *(continued)*

5 Called up share capital

At 30 September 2019 and 30 September 2020

	£
Allotted, called up and fully paid	
2 IPT shares of £1 each	2
1,000,000 A Ordinary shares of £1 each	1,000,000
1,000,000 B Ordinary shares of £1 each	1,000,000
	2,000,002

The holders of the IPT shares (Granada UK Rental & Retail Limited and Carmelite Investments Limited) would be entitled, in priority to the holders of any other shares in the Company, to receive out of the profits of the Company available for distribution a dividend equal to the amount of any IPT (insurance premium tax) litigation proceeds received by the Company to the extent that it can be paid as a lawful dividend. Other than this, the IPT share has no rights to participate in profits and assets of the Company.

The holders of the IPT shares are not entitled to receive notice of or to attend or vote at any general meeting of the Company.

On a winding-up, the holder of the IPT share is entitled to, in priority to any other class of share, receive an amount equal to the amount paid up on the share, together with an amount equal to any dividend which may have become payable at that date. It is not currently envisaged that any such amounts may become due.

6 Contingent liabilities

Under the Boxclever group VAT Group Registration, the Company is jointly and severally liable for VAT due by other Boxclever group companies. As at 30 September 2020 this amounted to £nil *(2019: £nil).*

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our proposal issued to the regulator on 31 July 2020 and represents the IAS 19 valuation, using market conditions at 30 April 2020."

No Financial Support Direction was sought, or issued, against the Company and the Company has not been a party to the proceedings.

7 Joint venture shareholders

The Company is a joint venture between Carmelite Investments Limited and Granada UK Rental & Retail Limited. The directors regard Tusk Investments LP Inc, a Guernsey incorporated limited partnership, as the ultimate parent undertaking of Carmelite Investments Limited. ITV plc, a company incorporated and registered in England and Wales, is the ultimate parent undertaking of Granada UK Rental & Retail Limited.