

Beehive International Limited

Directors' report and financial statements

Registered number 3443541

31 March 2008

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Director's report

The director presents his Director's report and financial statements for the year ended 31 March 2008

Principal activities and business review

The principal activity of the company was that of sales and marketing into overseas territories of CD's and video on behalf of a roster of companies it represents

On 30 September 2000, the directors took the decision to cease trading. As the directors do not intend to acquire a replacement trade and instead to dissolve the company following the settlement of the remaining net assets, the directors have not prepared the financial statements on a going concern basis. The effect of adopting this basis of preparation is explained in note 1.

Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the year.

The director is unable to recommend the payment of dividend (2007 £nil).

Directors

The directors who served during the year were as follows:

J E Jackson (resigned 6 April 2008)
A S Lee

Disclosure of information to auditors

The director who held office at the date of approval of this director's report confirms that, so far as he is aware, there is no relevant audit information of which the company's auditors are unaware, and he has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

The members of the company have passed elective resolutions in accordance with Sections 366A, 252 and 386 of the Companies Act 1985 dispensing with the previous statutory requirement of holding annual general meetings, laying accounts before the company in general meetings and reappointing auditors annually.

The last resolution will lead to the continuing appointment of KPMG LLP as auditors of the company until further notice.

By order of the board



B Gerrard
Company Secretary

The School House
50 Brook Green
London
W6 7RR

15/4/2008

Statement of director's responsibilities in respect of the Director's Report and the financial statements

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The company financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss 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,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business. 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 director is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that its financial statements comply with the Companies Act 1985. The director has a general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the company and to prevent and detect fraud and other irregularities



KPMG LLP
8 Salisbury Square
London
EC4Y 8BB

Independent auditors' report to the members of Beehive International Limited

We have audited the company financial statements of Beehive International Limited for the year ended 31 March 2008, which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have not been prepared on the going concern basis for the reason set out in note 1.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' to the members of Beehive International Limited *(continued)*

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of the company's profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditors

15 September 2008

Profit and loss account

for the year ended 31 March 2008

	<i>Note</i>	2008 £	2007 £
Administrative expenses		(1)	(192)
Operating loss		(1)	(192)
Other interest receivable and similar income	3	17	192
Profit on ordinary activities before taxation	2	16	-
Taxation on profit on ordinary activities	5	-	-
Profit for the financial year	8	16	-

There are no recognised gains or losses other than the result for the year, all of which are from discontinued activities, consequently a statement of total recognised gains and losses has not been presented

The notes on pages 7 to 10 form part of these financial statements

Balance sheet
at 31 March 2008

	<i>Note</i>	£	2008 £	£	2007 £
Current assets					
Debtors	6	-		1,506	
Cash at bank and in hand		16		-	
		<u>16</u>		<u>1,506</u>	
Current liabilities					
Amounts owed to fellow group companies		-		(1,506)	
		<u>-</u>		<u>(1,506)</u>	
Net current assets			16		-
			<u>16</u>		<u>-</u>
Total assets less current liabilities and net assets			16		-
			<u>16</u>		<u>-</u>
Capital and reserves					
Called up share capital	7		941,026		941,026
Profit and loss account	8		(941,010)		(941,026)
			<u>16</u>		<u>-</u>
Shareholders' funds	9		16		-
			<u>16</u>		<u>-</u>

The notes on pages 7 to 10 form part of these financial statements

These financial statements were approved by the board of directors on 15/4/2008 and were signed on its behalf by



AS Lee
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom and under the historical cost accounting rules. On 30 September 2000, the directors took the decision to cease trading and intend to liquidate the company following the settlement of the remaining net assets. The directors have not prepared the financial statements on a going concern basis. No adjustments are necessary to the amounts at which the remaining net assets are included in these financial statements.

The company is exempt by virtue of section 248 of the Companies Act 1985 from the requirement to prepare group accounts.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between treatment of certain items for taxation and accounting purpose which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

A net deferred tax asset is regarded as recoverable & therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

2 Profit on ordinary activities before taxation

	2008 £	2007 £
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Administration expenses	1	192
	<u> </u>	<u> </u>

Auditors' remuneration is borne by the parent company for the years ended 31 March 2007 and 2008

3 Interest receivable and similar income

	2008 £	2007 £
Bank interest	17	192
	<u> </u>	<u> </u>

4 Directors' emoluments

The remuneration of the directors is borne by the company's parent undertaking. The company has no employees.

Notes (continued)

5 Taxation on profit from ordinary activities

The current tax charge for the year is lower than (2007 at) the standard rate of corporation tax (30%) (2007 30%)
The differences are explained below

	2008 £	2007 £
<i>Analysis of tax charge</i>		
<i>UK tax</i>		
Tax on profit on ordinary activities	-	-
	<u> </u>	<u> </u>
	2008 £	2007 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	16	-
	<u> </u>	<u> </u>
Current tax at 30% (2007 30%)	5	-
Effects of		
Utilisation of UK tax losses brought forward	(5)	(58)
UK tax losses not utilised or recognised	-	58
	<u> </u>	<u> </u>
Total current tax charge	<u> </u>	<u> </u>

Factors that may affect future tax charges

The company has no provided deferred tax assets at the year end (and prior year end) Unprovided deferred tax for 2008 is £2,738 (2007 £2,939)

Deferred tax

During the year, as a result of the change in UK Corporation Tax rates which will be effective from 1 April 2008, deferred tax balances have been remeasured. Deferred tax relating to timing differences expected to reverse after 1 April 2008 is measured at the tax rate of 28% as this is the tax rates that will apply on reversal.

6 Debtors

	2008 £	2007 £
Other debtors	-	1 506
	<u> </u>	<u> </u>

Notes (continued)

7 Called up share capital

	2008 £	2007 £
<i>Authorised</i>		
1,500,000 Ordinary shares of £1 each	1,500,000	1,500,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
941,026 Ordinary shares of £1 each	941,026	941,026
	<hr/>	<hr/>

8 Reserves

	Profit and loss account £
At 1 April 2007	(941,026)
Profit for the financial year	16
	<hr/>
At 31 March 2008	(941,010)
	<hr/>

9 Reconciliation of movement in shareholders' funds

	2008 £	2007 £
Balance at beginning of year	-	-
Profit for the financial year	16	-
	<hr/>	<hr/>
Balance at close of year	16	-
	<hr/>	<hr/>

10 Contingent liability

The company is party to the Network Distributing Group sterling and currency overdraft facility of up to £5,000,000 gross, £3,000,000 net, repayable on demand but subject to periodic review on the usual banking terms and to any intervening governmental restrictions or measures

The company has given a guarantee to the bank for the indebtedness of its parent undertaking Network Distributing Limited & its fellow subsidiary undertakings. The liability of these companies was £2,735,325 at 31 March 2008 (2007 £3,266,959)

Notes (continued)

11 Related party transactions

At 31 March 2008, the company's ultimate parent undertaking was Virgin Group Holdings Limited, a company incorporated in the British Virgin Islands, whose principal shareholders are certain trusts, none of which individually has a controlling interest in Virgin Group Holdings Limited. The principal beneficiaries of those trusts are Sir Richard Branson and/or his immediate family. The shareholders of Virgin Group Holdings Limited have interests directly or indirectly in certain other companies which are considered to give rise to related party disclosures under Financial Reporting Standard No. 8. There were no disclosable related party transactions (2007: none).

As the company is a more than 90% owned subsidiary of Barfair Limited, the company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with entities which form part of the group headed by Barfair Limited.

12 Parent undertaking of larger group of which the company is a member

The immediate parent company of Beehive International Limited is Soundsub Limited, a company incorporated in Great Britain and registered in England and Wales. The largest group into which the results of the company are consolidated is those of Barfair Limited, a company registered in England and Wales. The smallest group in which they are consolidated is that headed by Network Distributing Limited. The consolidated accounts of both companies may be obtained from Companies House, Crown Way, Mandy, Cardiff CF14 3UZ.