Registral.

Registered number
05425421

Vivid Skies Limited

Report and Accounts

31 October 2011



Vivid Skies Limited
Company Information

Directors
M G Collins esq
Ms J Collins
A P Stafford esq
Ms R Lambert
D Hennessy esq

Secretary
M G Collins esq

Auditors
White Hart Associates LLP
East House
109 South Worple Way
Mortlake
London
SW14 8TN

Bankers
Barclays Bank plc
Sussex and Gatwick Team
PO Box 165
Crawley BX3 2BD

Solicitors
Thomas Eggar LLP
76 Shoe Lane
London
EC4A 3JB

Registered office
East House
109 South Worple Way
Mortlake
London
SW14 8TN

Registered number
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Vivid Skies Limited
Registered number: 05425421
Directors' Report

The directors present their report and accounts for the year ended 31 October 2011

Principal activities and review of the business
The company's principal activity during the year was that of a holding company The company's two 100% owned subsidiaries, Tropical Sky Limited (UK) and Tropical Sky Limited (Ireland) are both trading travel companies The results for the group show a pre tax profit of £192,960 (2010 - £292,951) for the year and turnover of £31,102,000 (2010 - £23,514,853) Net cash inflow from operating activities for 2011 was £1,417,281 (2010 - £1,141,037)

The directors consider these to be satisfactory results given the exceptional nature of some of the factors the group has faced during the year not least the adverse winter weather in 2010/11 which led to many cancelled airline flights which impacted upon the group's profitability for the year The directors also believe the results to be satisfactory in line with the general economy and the "credit crunch" times in which the group has and continues to operate

Future developments
During 2012 the group will continue to focus on providing overseas holidays to a variety of long haul destinations

Risks and uncertainties
The group has identified a number of risks and uncertainties that could potentially damage the current business model and further growth opportunities

- Geo-political events and natural disasters - The nature of the business operations exposes the group to a wide range of geo-political natural disaster scenarios To counter this the group operates a flexible non-commitment business model with the ability to shift capacity amongst a variety of destinations where necessary

- Financial risk - The group operates in a sector that is exposed to the two key financial risk areas of fuel prices and foreign currency exchange rates The group is directly exposed to movements in exchange rates as a large proportion of cost of sales are denominated in foreign currency This risk is managed through the use of hedging

- Commercial relationships - The group has well established and close relationships with customers and suppliers and risk is spread by not placing over-reliance on any one supplier in any particular area However, if a relationship were lost or damaged with a major supplier this could have a detrimental effect on the business The management team meets regularly with suppliers to maintain good working relationships and to understand the supplier's financial position

- Information technology - The group is heavily reliant upon information technology Investment is being made to ensure that the group has advanced and efficient systems in place but there is a risk if there were a major failure - particularly if it were to affect selling systems Procedures are in place to minimise the time a selling system is unavailable in the event of such a failure

Dividends
The directors do not recommend the payment of a final dividend

Vivid Skies Limited
Registered number: 05425421
Directors' Report

Directors
The following persons served as directors during the year

M G Collins esq
S Garley esq - resigned 15 November 2010
Ms J Collins
Ms G Garley - resigned 15 November 2010
A P Stafford esq
Ms R Lambert
D Hennessy esq

Directors' responsibilities
The directors are responsible for preparing the report and accounts in accordance with applicable law and regulations

Company law requires the directors to prepare accounts for each financial year Under that law the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the accounts 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 accounts, the directors are required to

- select suitable accounting policies and then apply them consistently,
- 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 accounts,
- prepare the accounts 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 accounts 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

Acquisition of own shares
To facilitate the exit of Mr S Garley, an executive director and significant shareholder, the board sanctioned the company to purchase its own shares from him The shares of Mrs G Garley were purchased by other existing shareholders upon her departure from the group The details of the shares purchased by the company are as follows

Class of share	Ordinary Shares
Amount paid	£525,000
Nominal value of shares	£25,000
Number of shares	25,000
Percentage of class purchased	20 0%

Vivid Skies Limited
Registered number: 05425421
Directors' Report

Disclosure of information to auditors
Each person who was a director at the time this report was approved confirms that

- so far as he is aware, there is no relevant audit information of which the company's auditor is unaware, and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information

This report was approved by the board on 12 December 2011 and signed by its order

M G Collins esq
Secretary

Vivid Skies Limited
Independent auditors' report
to the shareholders of Vivid Skies Limited

We have audited the accounts of Vivid Skies Limited for the year ended 31 October 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the 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 company's members those matters we are required to state to them in an auditors' 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 explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the accounts
A description of the scope of an audit of financial statements is provided on the APB's website at
www frc org uk/apb/scope/private cfm

Opinion on the accounts
In our opinion the accounts

- give a true and fair view of the state of the company's and group's affairs as at 31 October 2011 and of its profit 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

Opinion on other matters prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the accounts are prepared is consistent with the accounts

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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



Ms N A Spoor FCCA
(Senior Statutory Auditor)
for and on behalf of
White Hart Associates LLP
Accountants and Statutory Auditors
12 December 2011

East House
109 South Worple Way
Mortlake
London
SW14 8TN

Vivid Skies Limited
Consolidated Profit and Loss Account
for the year ended 31 October 2011

	Notes	2011 £	2010 £
Turnover	2	31,102,000	23,514,853
Cost of sales		(26,967,040)	(19,928,886)
Gross profit		4,134,960	3,585,967
Distribution costs		(993,028)	(835,415)
Administrative expenses		(2,951,837)	(2,458,844)
Operating profit	3	190,095	291,708
Interest receivable		2,865	1,243
Profit on ordinary activities before taxation		192,960	292,951
Tax on profit on ordinary activities	6	(44,361)	(64,708)
Profit for the financial year		148,599	228,243

Continuing operations
None of the company's activities were discontinued during the above two financial years

Statement of total recognised gains and losses
The company has no recognised gains or losses other than the profit for the above two financial years

Vivid Skies Limited
Balance Sheet
as at 31 October 2011

Consolidated	Notes		2011 £		2010 £
Fixed assets					
Intangible assets	7		74,449		16,830
Tangible assets	8		297,249		298,147
			371,698		314,977
Current assets					
Debtors	10	5,664,556		4,684,057	
Cash at bank and in hand		4,784,323		4,180,841	
		10,448,879		8,864,898	
Creditors: amounts falling due within one year	11	(9,550,649)		(7,952,329)	
Net current assets			898,230		912,569
Total assets less current liabilities			1,269,928		1,227,546
Creditors: amounts falling due after more than one year	12		(577,000)		(127,000)
Provisions for liabilities					
Deferred taxation	13		(18,243)		(12,222)
Net assets			674,685		1,088,324
Capital and reserves					
Called up share capital	14		125,000		125,000
Share premium	15		-		385,000
Profit and loss account	16		549,685		541,086
Shareholders' funds	17		674,685		1,051,086
Minority interests			-		37,238
Capital employed			674,685		1,088,324

Ms J Collins
Director
Approved by the board on 12 December 2011

Vivid Skies Limited
Balance Sheet
as at 31 October 2011

Company	Notes		2011 £		2010 £
Fixed assets					
Investments	9		244,827		150,000
			244,827		150,000
Current assets					
Debtors	10	456,403		431,403	
		456,403		431,403	
Creditors amounts falling due within one year	11	(94,827)		-	
Net current assets			361,576		431,403
Total assets less current liabilities			606,403		581,403
Creditors: amounts falling due after more than one year	12		(450,000)		-
Net assets			156,403		581,403
Capital and reserves					
Called up share capital	14		125,000		125,000
Share premium	15		-		385,000
Profit and loss account	16		31,403		71,403
Shareholders' funds	17		156,403		581,403

Ms J Collins
Director
Approved by the board on 12 December 2011

Vivid Skies Limited
Consolidated Cash Flow Statement
for the year ended 31 October 2011

	Notes	2011 £	2010 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		190,095	291,708
Depreciation and amortisation		131,397	101,905
Increase in debtors		(980,499)	(1,712,461)
Increase in creditors		2,076,288	2,459,885
Net cash inflow from operating activities		1,417,281	1,141,037
CASH FLOW STATEMENT			
Net cash inflow from operating activities		1,417,281	1,141,037
Returns on investments and servicing of finance	18	2,865	1,243
Taxation		(66,308)	(110,247)
Capital expenditure	18	(225,356)	(157,108)
		1,128,482	874,925
Financing	18	(525,000)	-
Increase in cash		603,482	874,925
Reconciliation of net cash flow to movement in net debt			
Increase in cash in the period		603,482	874,925
Change in net debt	19	603,482	874,925
Net funds at 1 November		4,180,841	3,305,916
Net funds at 31 October		4,784,323	4,180,841

Vivid Skies Limited
Notes to the Accounts
for the year ended 31 October 2011

1 Accounting policies

Basis of preparation
The accounts have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards

Turnover
Turnover represents the value, net of value added tax and discounts, of travel arrangements provided to customers and recognised on the date of booking basis

Intangible fixed assets and amortisation
Goodwill is the difference between amounts on the acquisition of a business and the fair value of the sperable net assets It is amortised to the profit and loss account over its estimated economic life of ten years

Tangible fixed assets and depreciation
Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows

Website	20% straight line
Computer and telephone equipment	20% straight line
Office furniture	10% straight line

Deferred taxation
Full provision is made for deferred taxation resulting from timing differences between the recognition of gains and losses in the accounts and their recognition for tax purposes

Deferred tax is calculated at the tax rates which are expected to apply in the periods when the timing differences will reverse, and discounted to reflect the time value of money using rates based on the post-tax yields to maturity that could be obtained at the balance sheet date on government bonds with similar maturity dates

Foreign currencies
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date All differences are taken to the profit and loss account

Leasing and hire purchase commitments
Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and depreciated over their useful lives The corresponding lease or hire purchase obligation is treated in the balance sheet as a liability

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding

Rentals paid under operating leases are charged to income on a straight line basis over the lease term

2 **Analysis of turnover**	2011 £	2010 £
By activity		
Tour operating and travel agency	31,102,000	23,514,853
By geographical market		
UK and Ireland	31,102,000	23,514,853

3 **Operating profit**	2011 £	2010 £
This is stated after charging		
Depreciation of owned fixed assets	129,714	101,905
Amortisation of goodwill	1,683	-
Operating lease rentals - plant and machinery	45,269	35,403
Operating lease rentals - land buildings	28,442	32,936
Auditors' remuneration for audit services	19,000	13,100
Auditors' remuneration for other services	5,944	7,673

The parent company's profit and loss account has not been included in these financial statements and its profit for its financial year was £100,000

4 **Directors' emoluments**	2011 £	2010 £
Emoluments	330,331	425,221
Highest paid director Emoluments	102,562	121,922

5 Staff costs

	2011 £	2010 £
Wages and salaries	1,875,986	1,526,048
Social security costs	191,819	160,397
	2,067,805	1,686,445

Average number of employees during the year	Number	Number
Administration	15	14
Marketing	4	4
Sales	46	44
	65	62

6 Taxation

	2011 £	2010 £
Analysis of charge in period		
Current tax		
UK corporation tax on profits of the period	36,550	62,430
Adjustments in respect of previous periods	1,790	-
	38,340	62,430
Deferred tax		
Origination and reversal of timing differences	6,021	2,278
Tax on profit on ordinary activities	44,361	64,708

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows

	2011 £	2010 £
Profit on ordinary activities before tax	192,960	292,951
Standard rate of corporation tax in the UK	20%	23%
	£	£
Profit on ordinary activities multiplied by the standard rate of corporation tax	38,592	67,379
Effects of		
Expenses not deductible for tax purposes	1,294	3,176
Capital allowances for period in excess of depreciation	(3,336)	(8,125)
Adjustments to tax charge in respect of previous periods	1,790	-
Current tax charge for period	38,340	62,430

7 Intangible fixed assets

	£
Company	
Goodwill	
Cost	
At 1 November 2010	16,830
Additions	59,302
At 31 October 2011	76,132
Amortisation	
Provided during the year	1,683
At 31 October 2011	1,683
Net book value	
At 31 October 2011	74,449
At 31 October 2010	16,830

Goodwill is being written off in equal annual instalments over its estimated economic life of 10 years and arises on the acquisition of Tropical Sky Limited (Ireland) No amortisation is provided in the first period of acquisition

8 Tangible fixed assets

Group	Plant and machinery £
Cost	
At 1 November 2010	569,961
Additions	128,816
At 31 October 2011	698,777
Depreciation	
At 1 November 2010	271,814
Charge for the year	129,714
At 31 October 2011	401,528
Net book value	
At 31 October 2011	297,249
At 31 October 2010	298,147

9 Investments

Company

	Investments in subsidiary undertakings £
Cost	
At 1 November 2010	150,000
Additions	94,827
At 31 October 2011	244,827

The company holds 20% or more of the share capital of the following companies

Company	Shares held Class	%	Country of incorporation	Activity
Tropical Sky Limited	Ordinary	100	UK	Tour operator
Tropical Sky Limited	Ordinary	100	Ireland	Travel agent
Tropical Sky Hotels Limited	Ordinary	100	UK	Dormant
Tropical Skies Limited	Ordinary	100	UK	Dormant
Australian Sky Limited	Ordinary	100	UK	Dormant
American Sky Limited	Ordinary	100	UK	Dormant
Africa Sky Limited	Ordinary	100	UK	Dormant

10 Debtors

Group

	2011 £	2010 £
Trade debtors	5,499,232	4,582,845
Other debtors	165,324	101,212
	5,664,556	4,684,057

Company

	2011 £	2010 £
Amounts owed by group undertakings	456,403	431,403
	456,403	431,403

11 Creditors: amounts falling due within one year Group	2011 £	2010 £
Trade creditors	9,449,756	7,785,515
Corporation tax	34,462	62,430
Other taxes and social security costs	47,258	75,916
Other creditors	19,173	28,468
	9,550,649	7,952,329

Company	2011 £	2010 £
Amounts owed to group undertakings and undertakings in which the company has a participating interest	94,827	-
	94,827	-

12 Creditors: amounts falling due after one year Group	2011 £	2010 £
Other creditors	577,000	127,000

Included in other creditors are loans in the sum of £577,000 (2010 - £127,000) which are subject to subordinated undertakings in favour of the Civil Aviation Authority and cannot be repaid without the Civil Aviation Authority's prior written consent

Company	2011 £	2010 £
Other creditors	450,000	-
	450,000	-

Included in other creditors are loans in the sum of £450,000 which are subject to subordinated undertakings in favour of the Civil Aviation Authority and cannot be repaid without the Civil Aviation Authority's prior written consent

13 Deferred taxation

Group

	2011 £	2010 £
Accelerated capital allowances	18,243	12,222
Undiscounted provision for deferred tax	18,243	12,222

	2011 £	2010 £
At 1 November 2010	12,222	9,944
Deferred tax charge in profit and loss account	6,021	2,278
At 31 October 2011	18,243	12,222

14 Share capital

Group and company

	Nominal value	2011 Number	2011 £	2010 £
Allotted, called up and fully paid				
Ordinary shares	£1 each	125,000	125,000	125,000

The company had at issue 100,000 "A" Ordinary £1 shares, 15,000 "B" Ordinary £1 shares and 10,000 "C" Ordinary £1 shares

	Nominal value	Number	Amount £
Shares issued during the period			
Ordinary shares	£1 each	25,000	25,000

On 15 November 2010 the company bought back 25,000 "A" Ordinary £1 shares from Mr S Garley, then a director, for £525,000 As this capital payment was greater than the nominal value, after utilising available profits of £115,000 standing to the credit of the company's profit and loss reserves, the full amount standing to the credit of share premium account, £385,000, was reduced

On 22 November 2011 the company capitalised the sum of £25,000, being part of the amount standing to the credit of the company's reserves and available for distribution, and appropriated this sum to the holders of the issued "A" Ordinary shares of £1 00 each in the capital of the company in the proportion of 10 "A" Ordinary shares for every 30 "A" Ordinary shares already held by them The sum appropriated was not paid in cash but applied in paying up in full 25,000 "A" Ordinary shares of £1 00 each in the capital of the company ("Bonus Shares") which were allotted and issued credited as fully paid up at par

15 Share premium Group and company	2011 £
At 1 November 2010	385,000
Company buy back of own shares	(385,000)
At 31 October 2011	-

16 Profit and loss account Group	2011 £
At 1 November 2010	541,086
Profit for the financial year	148,599
Bonus issue of shares by way of capitalisation of reserves	(25,000)
Company buy back of own shares	(115,000)
At 31 October 2011	549,685

Company	2011 £
At 1 November 2010	71,403
Profit for the financial year	100,000
Bonus issue of shares by way of capitalisation of reserves	(25,000)
Company buy back of own shares	(115,000)
At 31 October 2011	31,403

17 Reconciliation of movement in shareholders' funds Group	2011 £	2010 £
At 1 November 2010	1,051,086	822,843
Profit for the financial year	148,599	228,243
Company buy back of own shares	(525,000)	-
At 31 October 2011	674,685	1,051,086

Company	2011 £	2010 £
At 1 November 2010	581,403	581,403
Profit for the financial year	100,000	-
Company buy back of own shares	(525,000)	-
At 31 October 2011	156,403	581,403

18 Gross cash flows

Group	2011 £	2010 £
Returns on investments and servicing of finance		
Interest received	2,865	1,243
Capital expenditure		
Payments to acquire intangible fixed assets	(96,540)	-
Payments to acquire tangible fixed assets	(128,816)	(157,108)
	(225,356)	(157,108)
Financing		
Company buy back of own shares	(525,000)	-

19 Analysis of changes in net debt

Group	At 1 Nov 2010 £	Cash flows £	Non-cash changes £	At 31 Oct 2011 £
Cash at bank and in hand	4,180,841	603,482		4,784,323
Total	4,180,841	603,482	-	4,784,323

20 Minority interests

As at 31 October 2010 the company only owned 75% of the issued share capital in Tropical Sky Limited (Ireland) and the minority interests as at that date arise in relation to the consolidation of Tropical Sky Limited (Ireland) within these accounts During the year the company acquired the other 25% interest and Tropical Sky Limited (Ireland) is now a 100% owned subsidiary

21 Other financial commitments

At the year end the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2011 £	Land and buildings 2010 £	Other 2011 £	Other 2010 £
Operating leases which expire				
within one year	7,202	7,202	-	-
within two to five years	28,184	28,184	41,532	35,471
	35,386	35,386	41,532	35,471

22 Contingent liabilities

As at 31 October 2011, there were contingent liabilities in relation to counter indemnities given by the company and the group, in the normal course of business, to travel bond insurance obligors, with regards to Commission for Aviation Regulation, Civil Aviation Authority and IATA travel bonds amounting to £330,172 (2010 - £1,205,000)

23 Related party transactions

In February 2009 the group entered into a new five year lease for its current trading premises at an initial annual rental of £28,184 per annum The director, M G Collins, has acted as guarantor in relation to the leasehold obligations

24 Ultimate controlling party

The company's controlling parties are M G Collins esq and Mrs J Collins, by virtue of their beneficial ownership of 60% of the issued and paid up share capital in the company