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Registered number
05425421

Vivid Skies Limited

Report and Accounts

31 October 2012



Vivid Skies Limited
Company Information

Directors

M G Collins esq
Ms J Collins
A P Stafford esq
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:
Directors' Report

05425421

The directors present their report and accounts for the year ended 31 October 2012

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 £401,741 (2011 - £192,960) for the year and turnover of £34,412,554 (2011 - £31,102,000). Net cash inflow from operating activities for 2011 was £55,787 (2011 - £1,417,281).

The directors consider these to be satisfactory results given the general economy and the "credit crunch" times in which the group has and continues to operate.

Future developments

During 2013 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

Ms J Collins

A P Stafford esq

Ms R Lambert (Resigned 17 February 2012)

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.

Vivid Skies Limited

Registered number:

05425421

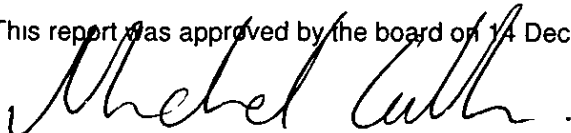
Directors' Report

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 14 December 2012 and signed by its order

A handwritten signature in black ink, appearing to read 'M G Collins', followed by a period.

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 2012 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 2012 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 ACA FCCA
(Senior Statutory Auditor)
for and on behalf of
White Hart Associates LLP
Accountants and Statutory Auditors
14 December 2012

East House
109 South Worple Way
Mortlake
London
SW14 8TN

Vivid Skies Limited
Consolidated Profit and Loss Account
for the year ended 31 October 2012

	Notes	2012 £	2011 £
Turnover	2	34,412,554	31,102,000
Cost of sales		(29,982,566)	(26,967,040)
Gross profit		<u>4,429,988</u>	<u>4,134,960</u>
Distribution costs		(991,026)	(993,028)
Administrative expenses		(3,117,298)	(2,951,837)
Exchange difference on consolidation		(9,782)	-
Operating profit	3	<u>311,882</u>	<u>190,095</u>
Exceptional items profit on the disposal of tangible fixed assets	4	80,000	-
		<u>391,882</u>	<u>190,095</u>
Interest receivable		9,859	2,865
Profit on ordinary activities before taxation		<u>401,741</u>	<u>192,960</u>
Tax on profit on ordinary activities	7	(76,593)	(44,361)
Profit for the financial year		<u>325,148</u>	<u>148,599</u>

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 2012

Consolidated	Notes	2012 £	2011 £
Fixed assets			
Intangible assets	8	66,836	74,449
Tangible assets	9	<u>333,279</u>	<u>297,249</u>
		400,115	371,698
Current assets			
Debtors	11	5,784,090	5,664,556
Cash at bank and in hand		<u>4,697,895</u>	<u>4,784,323</u>
		10,481,985	10,448,879
Creditors: amounts falling due within one year	12	(9,311,952)	(9,550,649)
Net current assets		<u>1,170,033</u>	<u>898,230</u>
Total assets less current liabilities		<u>1,570,148</u>	<u>1,269,928</u>
Creditors: amounts falling due after more than one year	13	(552,000)	(577,000)
Provisions for liabilities			
Deferred taxation	14	(18,315)	(18,243)
Net assets		<u>999,833</u>	<u>674,685</u>
Capital and reserves			
Called up share capital	15	125,000	125,000
Profit and loss account	16	874,833	549,685
Shareholders' funds	17	<u>999,833</u>	<u>674,685</u>

J Collins

Ms J Collins
Director

Approved by the board on 14 December 2012

Vivid Skies Limited
Balance Sheet
as at 31 October 2012

Company	Notes	2012 £	2011 £
Fixed assets			
Investments	10	<u>244,827</u> 244,827	<u>244,827</u> 244,827
Current assets			
Debtors	11	<u>431,403</u> 431,403	<u>456,403</u> 456,403
Creditors: amounts falling due within one year	12	(94,827)	(94,827)
Net current assets		<u>336,576</u>	<u>361,576</u>
Total assets less current liabilities		<u>581,403</u>	<u>606,403</u>
Creditors: amounts falling due after more than one year	13	(425,000)	(450,000)
Net assets		<u>156,403</u>	<u>156,403</u>
Capital and reserves			
Called up share capital	15	125,000	125,000
Profit and loss account	16	31,403	31,403
Shareholders' funds	17	<u>156,403</u>	<u>156,403</u>



Ms J Collins
Director
 Approved by the board on 14
 December 2012

Vivid Skies Limited
Consolidated Cash Flow Statement
for the year ended 31 October 2012

	Notes	2012 £	2011 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		311,882	190,095
Depreciation and amortisation		169,023	131,397
Increase in debtors		(119,534)	(980,499)
(Decrease)/increase in creditors		(305,584)	2,076,288
Net cash inflow from operating activities		<u>55,787</u>	<u>1,417,281</u>
CASH FLOW STATEMENT			
Net cash inflow from operating activities		55,787	1,417,281
Returns on investments and servicing of finance	18	9,859	2,865
Taxation		(34,634)	(66,308)
Capital expenditure	18	<u>(117,440)</u> (86,428)	<u>(225,356)</u> 1,128,482
Financing	18	-	(525,000)
(Decrease)/increase in cash		<u>(86,428)</u>	<u>603,482</u>
Reconciliation of net cash flow to movement in net debt			
(Decrease)/increase in cash in the period		(86,428)	603,482
Change in net debt	19	<u>(86,428)</u>	<u>603,482</u>
Net funds at 1 November		<u>4,784,323</u>	<u>4,180,841</u>
Net funds at 31 October		<u>4,697,895</u>	<u>4,784,323</u>

Vivid Skies Limited
Notes to the Accounts
for the year ended 31 October 2012

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

Vivid Skies Limited
Notes to the Accounts
for the year ended 31 October 2012

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	2012	2011
	£	£
By activity		
Tour operating and travel agency	<u>34,412,554</u>	<u>31,102,000</u>
By geographical market		
UK and Ireland	<u>34,412,554</u>	<u>31,102,000</u>

3 Operating profit	2012	2011
	£	£
This is stated after charging		
Depreciation of owned fixed assets	161,410	129,714
Amortisation of goodwill	7,613	1,683
Operating lease rentals - plant and machinery	52,534	45,269
Operating lease rentals - land buildings	47,916	28,442
Auditors' remuneration for audit services	19,820	19,000
Auditors' remuneration for other services	<u>4,500</u>	<u>5,944</u>

The parent company's profit and loss account has not been included in these financial statements and its profit for its financial year was £0.

4 Exceptional items	2012	2011
	£	£
Profit on disposal of plant and machinery	<u>80,000</u>	<u>-</u>

Vivid Skies Limited
Notes to the Accounts
for the year ended 31 October 2012

5 Directors' emoluments	2012	2011
	£	£
Emoluments	<u>253,487</u>	<u>330,331</u>
Highest paid director Emoluments	<u>80,673</u>	<u>102,562</u>
6 Staff costs	2012	2011
	£	£
Wages and salaries	1,958,187	1,875,986
Social security costs	<u>198,348</u>	<u>191,819</u>
	<u>2,156,535</u>	<u>2,067,805</u>
Average number of employees during the year	Number	Number
Administration	16	15
Marketing	4	4
Sales	<u>48</u>	<u>46</u>
	<u>68</u>	<u>65</u>

Vivid Skies Limited
Notes to the Accounts
for the year ended 31 October 2012

7 Taxation	2012	2011
	£	£
Analysis of charge in period		
Current tax		
UK corporation tax on profits of the period	76,349	36,550
Adjustments in respect of previous periods	172	1,790
	<u>76,521</u>	<u>38,340</u>
Deferred tax		
Origination and reversal of timing differences	72	6,021
	<u>76,593</u>	<u>44,361</u>
Tax on profit on ordinary activities		

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

	2012	2011
	£	£
Profit on ordinary activities before tax	<u>401,741</u>	<u>192,960</u>
Standard rate of corporation tax in the UK	20%	20%
	£	£
Profit on ordinary activities multiplied by the standard rate of corporation tax	80,348	38,592
Effects of		
Expenses not deductible for tax purposes	2,400	1,294
Capital allowances for period in excess of depreciation	(6,399)	(3,336)
Adjustments to tax charge in respect of previous periods	172	1,790
Current tax charge for period	<u>76,521</u>	<u>38,340</u>

Vivid Skies Limited
Notes to the Accounts
for the year ended 31 October 2012

8 Intangible fixed assets	£
Group	
Goodwill	
Cost	
At 1 November 2011	76,132
At 31 October 2012	<u>76,132</u>
Amortisation	
At 1 November 2011	1,683
Provided during the year	<u>7,613</u>
At 31 October 2012	<u>9,296</u>
Net book value	
At 31 October 2012	<u>66,836</u>
At 31 October 2011	<u>74,449</u>

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.

9 Tangible fixed assets	Plant and machinery
Group	£
Cost	
At 1 November 2011	698,777
Additions	197,440
Disposals	<u>(174,120)</u>
At 31 October 2012	<u>722,097</u>
Depreciation	
At 1 November 2011	401,528
Charge for the year	161,410
On disposals	<u>(174,120)</u>
At 31 October 2012	<u>388,818</u>
Net book value	
At 31 October 2012	<u>333,279</u>
At 31 October 2011	<u>297,249</u>

Vivid Skies Limited
Notes to the Accounts
for the year ended 31 October 2012

10 Investments
Company

**Investments in
subsidiary
undertakings
£**

Cost

At 1 November 2011

244,827

At 31 October 2012

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

11 Debtors
Group

**2012
£**

**2011
£**

Trade debtors

5,644,179

5,499,232

Other debtors

139,911

165,324

5,784,090

5,664,556

Company

**2012
£**

**2011
£**

Amounts owed by group undertakings

431,403

456,403

431,403

456,403

Vivid Skies Limited
Notes to the Accounts
for the year ended 31 October 2012

12 Creditors: amounts falling due within one year	2012	2011
Group	£	£
Trade creditors	9,158,881	9,449,756
Amounts owed to group undertakings and undertakings in which the company has a participating interest	6,424	-
Corporation tax	76,349	34,462
Other taxes and social security costs	44,358	47,258
Other creditors	25,940	19,173
	<u>9,311,952</u>	<u>9,550,649</u>

Company	2012	2011
	£	£
Amounts owed to group undertakings and undertakings in which the company has a participating interest	94,827	94,827
	<u>94,827</u>	<u>94,827</u>

13 Creditors: amounts falling due after one year	2012	2011
Group	£	£
Other creditors	<u>552,000</u>	<u>577,000</u>

Included in other creditors are loans in the sum of £552,000 (2011 - £577,000) 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	2012	2011
	£	£
Other creditors	425,000	450,000
	<u>425,000</u>	<u>450,000</u>

Included in other creditors are loans in the sum of £425,000 (2011 - £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

Vivid Skies Limited
Notes to the Accounts
for the year ended 31 October 2012

14 Deferred taxation	2012	2011
Group	£	£
Accelerated capital allowances	18,315	18,243
Undiscounted provision for deferred tax	18,315	18,243

	2012	2011
	£	£
At 1 November 2010	18,243	12,222
Deferred tax charge in profit and loss account	72	6,021
At 31 October 2011	18,315	18,243

15 Share capital	Nominal	2012	2012	2011
Group and company	value	Number	£	£
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

Vivid Skies Limited
Notes to the Accounts
for the year ended 31 October 2012

16 Profit and loss account	2012	
Group	£	
At 1 November 2011	549,685	
Profit for the financial year	325,148	
At 31 October 2012	<u>874,833</u>	
	2012	
Company	£	
At 1 November 2011	31,403	
Profit for the financial year	-	
At 31 October 2012	<u>31,403</u>	

17 Reconciliation of movement in shareholders' funds	2012	2011
Group	£	£
At 1 November 2011	674,685	1,051,086
Profit for the financial year	325,148	148,599
Company buy back of own shares	-	(525,000)
At 31 October 2012	<u>999,833</u>	<u>674,685</u>
	2012	2011
Company	£	£
At 1 November 2011	156,403	581,403
Profit for the financial year	-	100,000
Company buy back of own shares	-	(525,000)
At 31 October 2012	<u>156,403</u>	<u>156,403</u>

Vivid Skies Limited
Notes to the Accounts
for the year ended 31 October 2012

18 Gross cash flows	2012	2011
Group	£	£
Returns on investments and servicing of finance		
Interest received	9,859	2,865
	<u> </u>	<u> </u>
Capital expenditure		
Payments to acquire intangible fixed assets	-	(96,540)
Payments to acquire tangible fixed assets	(197,440)	(128,816)
Receipts from sales of tangible fixed assets	80,000	-
	<u>(117,440)</u>	<u>(225,356)</u>
Financing		
Company buy back of own shares	-	(525,000)
	<u> </u>	<u> </u>

19 Analysis of changes in net debt

Group	At 1 Nov 2011 £	Cash flows £	Non-cash changes £	At 31 Oct 2012 £
Cash at bank and in hand	4,784,323	(86,428)		4,697,895
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	4,784,323	(86,428)	-	4,697,895

20 Other financial commitments

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

	Land and buildings 2012 £	Land and buildings 2011 £	Other 2012 £	Other 2011 £
Operating leases which expire				
within one year	5,882	7,202	-	-
within two to five years	35,230	28,184	34,512	41,532
	<u>41,112</u>	<u>35,386</u>	<u>34,512</u>	<u>41,532</u>

Vivid Skies Limited
Notes to the Accounts
for the year ended 31 October 2012

21 Contingent liabilities

As at 31 October 2012, 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 £439,950 (2011 - £330,172)

22 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 £35,230 per annum. The director, M G Collins, has acted as guarantor in relation to the leasehold obligations.

During the year the group paid Mrs Rosemary Lambert, a shareholder and former director, the sum of £12,500 in consultancy fees.

23 Ultimate controlling party

The company's controlling parties are M G Collins esq and Mrs J Collins, by virtue of their beneficial ownership of 64% of the issued and paid up share capital in the company.