
FLEXJET OPERATIONS LIMITED (FORMERLY FLAIRJET LIMITED)

UNAUDITED
FINANCIAL STATEMENTS
INFORMATION FOR FILING WITH THE REGISTRAR
FOR THE YEAR ENDED 31 DECEMBER 2019

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FLEXJET OPERATIONS LIMITED (FORMERLY FLAIRJET LIMITED)

COMPANY INFORMATION

Directors	K C Ricci M A Rossi B G Watts (appointed 14 August 2019) R P Jones (resigned 14 August 2019)
Registered number	06528991
Registered office	134 Hatfield Road St. Albans Hertfordshire AL1 4HY
Accountants	Grant Thornton UK LLP Chartered Accountants Royal Liver Building Liverpool L3 1PS
Bankers	Barclays Bank Plc Cambridge Benet Street Leicestershire Leicester LE87 2BB
Solicitors	Jones Day 21 Tudor Street London EC4Y 0DJ

FLEXJET OPERATIONS LIMITED (FORMERLY FLAIRJET LIMITED)

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Report to the Directors on the preparation of the unaudited statutory financial statements of Flexjet Operations Limited (formerly Flairjet Limited) for the year ended 31 December 2019

We have compiled the accompanying financial statements of Flexjet Operations Limited (the "Company") based on the information you have provided. These financial statements comprise the Statement of Financial Position of Flexjet Operations Limited as at 31 December 2019, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Board of Directors of Flexjet Operations Limited, as a body, in accordance with the terms of our engagement letter dated 24 April 2020. Our work has been undertaken solely to prepare for your approval the financial statements of Flexjet Operations Limited and state those matters that we have agreed to state to the Board of Directors of Flexjet Operations Limited, as a body, in this report in accordance with our engagement letter dated 24 April 2020. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Flexjet Operations Limited and its Board of Directors, as a body, for our work or for this report.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). As a member firm of the Institute of Chartered Accountants in England and Wales, we are subject to its ethical and other professional requirements which are detailed at www.icaew.com.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Grant Thornton UK LLP

Grant Thornton UK LLP

Chartered Accountants

Liverpool

Date: 14/12/2020

FLEXJET OPERATIONS LIMITED (FORMERLY FLAIRJET LIMITED)
REGISTERED NUMBER:06528991

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	4	26,856	7,813
Current assets			
Debtors: amounts falling due within one year	5	1,401,487	441,160
Cash at bank and in hand		861,760	210,397
		<u>2,263,247</u>	<u>651,557</u>
Creditors: amounts falling due within one year	6	(12,306,950)	(9,446,602)
Net current liabilities		(10,043,703)	(8,795,045)
Net liabilities		<u>(10,016,847)</u>	<u>(8,787,232)</u>
Capital and reserves			
Called up share capital		500,000	500,000
Profit and loss account		(10,516,847)	(9,287,232)
Shareholder's deficit		<u>(10,016,847)</u>	<u>(8,787,232)</u>

The Directors consider that the Company is entitled to exemption from audit under section 479A of the Companies Act 2006.

The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

K C Ricci
 Director



Date: 10 / 12 / 2020

The notes on pages 3 to 9 form part of these financial statements.

FLEXJET OPERATIONS LIMITED (FORMERLY FLAIRJET LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. General information

Flexjet Operations Limited is a private Company limited by shares and incorporated in England and Wales. Registered number: 06528991. Its registered head office is located at 134 Hatfield Road, St. Albans, Hertfordshire, AL1 4HY.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Company's functional currency is Great British Pounds (GBP), as that is currency of the primary economic environment in which the Company operates, and the financial statements are presented in GBP and rounded to the nearest pound.

The following principal accounting policies have been applied:

2.2 Going concern

The Company made a loss after tax in the year of £1,229,615 (2018: £5,729,745) and has net liabilities at the reporting date of £10,016,847 (2018: £8,787,232). The Company is dependent on continued financial support from related companies, which the Directors will receive for a period of at least 12 months from the date of this report, and have satisfied themselves that it has sufficient resources to do so. The Directors therefore consider it to be appropriate to continue preparing the financial statements on a going concern basis.

The impact of COVID-19 has also been considered by the Directors and has been discussed in Subsequent events (note 9).

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

FLEXJET OPERATIONS LIMITED (FORMERLY FLAIRJET LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.4 Turnover

Turnover comprises the value of goods and services supplied by the Company excluding trade discounts and value added tax. Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The specific methods used to recognise the different forms of revenue earned by the Company are set out below:

i) Related party owned / full service aircraft management contracts

For related party owned aircraft or aircraft where the Company retains the principal risks and rewards related to the management or operation, then it accounts for the revenue and costs related to those transactions as the principal. As such, the value of revenue related to the provision of those aircraft related services, including third party income, is recognised in full.

ii) Third party owned aircraft management services

Where the Company operates a more restricted management service for aircraft owned by a third party it is not exposed to the normal operational risks associated with operating aircraft for third party use. Therefore the Company accounts for the revenue and costs related to those transactions as the agent and turnover represents the fair value of the management service provided. Under this restricted risks and rewards scenario, the revenue is restricted to the following:

- (a) Revenue: commission receivable by the Company for operating the aircraft
- (b) Maintenance costs: administrative fees receivable by the Company as a mark-up on maintenance costs recharged to the owner; and
- (c) Monthly or other regular charges: fees receivable by the Company for operating the aircraft management service.

iii) Provision of aircraft crew

Where the Company provides crew for use on aircraft owned by a third party, it retains the key operational and financial risks associated with employing these crew. As such, the Company accounts for the revenue and costs related to those transactions as the principal, and the value of revenue related to the provision of crew is recognised in full.

2.5 Operating leases: the Company as lessee

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

2.6 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

FLEXJET OPERATIONS LIMITED (FORMERLY FLAIRJET LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.7 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.8 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, as follows:

Depreciation is provided on the following basis:

Fittings & fixtures	-	33% on a straight line basis
Office equipment	-	33% on a straight-line basis

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

FLEXJET OPERATIONS LIMITED (FORMERLY FLAIRJET LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

FLEXJET OPERATIONS LIMITED (FORMERLY FLAIRJET LIMITED)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**3. Employees**

The average monthly number of employees, including Directors, during the year was 42 (2018: 36).

4. Tangible fixed assets

	Fittings & fixtures £	Office equipment £	Total £
Cost			
At 1 January 2019	5,860	34,291	40,151
Additions	-	26,020	26,020
At 31 December 2019	5,860	60,311	66,171
Depreciation			
At 1 January 2019	4,028	28,310	32,338
Charge for the year	856	6,121	6,977
At 31 December 2019	4,884	34,431	39,315
Net book value			
At 31 December 2019	976	25,880	26,856
At 31 December 2018	1,832	5,981	7,813

5. Debtors

	2019 £	2018 £
Trade debtors	117,231	134,069
Amounts owed by group undertakings	665,935	-
Other debtors	74,089	72,673
Prepayments	544,232	231,653
Deferred taxation	-	2,765
	<u>1,401,487</u>	<u>441,160</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

FLEXJET OPERATIONS LIMITED (FORMERLY FLAIRJET LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

6. Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	324,736	889,234
Amounts owed to group undertakings	10,997,560	7,915,714
Other taxation and social security	81,875	108,057
Other creditors	20,923	1,183
Accruals and deferred income	881,856	532,414
	12,306,950	9,446,602

The amounts owed to group undertakings are secured by written confirmation from the related company, One Sky Flight LLC, to reflect that currently no payments are due for a period of one year after the financial statements have been issued for use, at which point the amounts owed will be reviewed. Currently no interest is being applied, with balances being secured by a continued letter of support to substantiate the above.

7. Deferred taxation

	2019
	£
At beginning of year	2,765
Adjustments in respect of prior years	(2,765)
At end of year	-

The deferred tax asset is made up as follows:

	2019	2018
	£	£
Excess of depreciation over taxation allowances	-	2,765

The Company has an unrecognised deferred tax asset of £1,836,000, of which £1,342,600 is in relation to tax trading losses and £493,400 is in relation to fixed asset timing differences. Although management is expecting the Company to generate profits in the future, due to current losses, these tax assets are deemed to not be recoverable in the near term and therefore the deferred tax asset has not been recognised.

FLEXJET OPERATIONS LIMITED (FORMERLY FLAIRJET LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

8. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £101,446 (2018: £58,364). Contributions totaling £20,390 (2018: £11,313) were payable to the fund at the reporting date and are included in creditors.

9. Subsequent events

On 1 January 2021 the transition period of the UK leaving the EU will end, and the future relationship between the UK and the EU still remains unclear. The Directors will continue to monitor all developments so that they will be ready to respond to any actions that need to be taken.

In early 2020 the global pandemic of Coronavirus (COVID-19) has seen unprecedented responses by governments around the world to introduce measures to contain the spread of this deadly virus to protect their citizens. With countries in lockdown and borders closed, the impact on the global economy will be felt for many years to come. The aviation industry has been one of the most heavily impacted industries, as it has seen a virtual overnight drop-off of demand that took time to return as countries gradually began to ease the restrictions.

There was no financial impact on the Company in 2019 as a result of COVID-19 and the Directors remain optimistic that the private aviation industry, in which the Company operates, is in a much stronger position to recover from the crisis quicker than the commercial aviation sector. Due to their size, most of the commercial airlines are having to make mass lay-offs to quickly reduce their huge cash outflows, whereas the Company has not had to do that due to the cost saving measures already implemented and as such will already be scaled-up to meet the demand as soon as it returns, once restrictions are lifted. Furthermore, it is expected that new opportunities will emerge in private aviation, with people who would not normally look to fly privately now considering to do so to reduce their risk of exposure to the virus when they need to travel.

COVID-19 is expected to have a negative financial impact to the Company in 2020 given that sales will have dropped during the height of the lockdown. However, the Directors remain positive that the overall impact to profit will not prove to be too material due to having implemented various cost saving measures, such as utilising government assisted furlough programs to reduce staff costs.

10. Controlling party

The Directors regard PEAK Acquisitions Limited as the Company's ultimate controlling party.

The immediate parent company is Volare Acquisitions Limited, a company incorporated in Ireland.

The ultimate parent company, and smallest and largest group in which the Company is consolidated, is PEAK Acquisitions Limited, a company incorporated in Ireland. The financial statements of PEAK Acquisitions Limited may be obtained at their registered office address of 70 Sir John Rogerson's Quay, Dublin 2, Ireland.