

Registered number: 06528991

FLEXJET OPERATIONS LIMITED

UNAUDITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 DECEMBER 2020



FLEXJET OPERATIONS LIMITED

COMPANY INFORMATION

Directors	K C Ricci M A Rossi B G Watts
Registered number	06528991
Registered office	1 Meadow Gate Avenue Farnborough Airport Farnborough Hampshire GU14 6XA
Accountants	Grant Thornton UK LLP Chartered Accountants Royal Liver Building Liverpool L3 1PS
Bankers	HSBC Plc 21 King's Mall King Street Hammersmith London W6 0QF
Solicitors	Jones Day 21 Tudor Street London EC4Y 0DJ

FLEXJET OPERATIONS LIMITED

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Report to the Directors on the preparation of the unaudited statutory financial statements of Flexjet Operations Limited for the year ended 31 December 2020

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 2020 and a summary of significant accounting policies and other explanatory information.

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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (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.

This report is made solely to the Company's Directors, as a body, in accordance with the terms of our engagement letter dated 26 March 2021. Our work has been undertaken solely to prepare for your approval the financial statements of the Company and state those matters that we have agreed to state to the Company's Directors, as a body, in this report in accordance with our engagement letter dated 26 March 2021. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and its Directors, as a body, for our work or for this report.

Grant Thornton UK LLP

Grant Thornton UK LLP

Chartered Accountants

Liverpool

Date: 11/3/2022

FLEXJET OPERATIONS LIMITED
REGISTERED NUMBER:06528991

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	4	23,883	26,856
Current assets			
Debtors: amounts falling due within one year	5	7,191,396	1,401,487
Cash at bank and in hand		570,817	861,760
		<u>7,762,213</u>	<u>2,263,247</u>
Creditors: amounts falling due within one year	6	(16,953,690)	(12,306,950)
Net current liabilities		(9,191,477)	(10,043,703)
Net liabilities		<u>(9,167,594)</u>	<u>(10,016,847)</u>
Capital and reserves			
Called up share capital		500,000	500,000
Profit and loss account		(9,667,594)	(10,516,847)
Shareholder's deficit		<u>(9,167,594)</u>	<u>(10,016,847)</u>

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

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

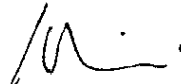
The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

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 income and retained earnings 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: 8 March 2022

The notes on pages 3 to 12 form part of these financial statements.

FLEXJET OPERATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. General information

Flexjet Operations Limited (the "Company") is a private Company limited by shares and incorporated in England and Wales. Registered number: 06528991. Its registered head office is located at 1 Meadow Gate Avenue, Farnborough Airport, Farnborough, Hampshire, GU14 6XA.

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 following principal accounting policies have been applied:

2.2 Going concern

The Company made a profit after tax in the year of £849,253 (2019: £1,229,615 loss) and has net liabilities at the reporting date of £9,167,594 (2019: £10,016,847). 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 being approved and signed, 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.

2.3 Foreign currency translation

Functional and presentation currency

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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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 method used to recognise the different forms of revenue earned by the Company is set out below:

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.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss 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 profit or loss 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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 profit or loss 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 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in profit or loss in the same period as the related expenditure.

2.9 Interest income

Interest income is recognised in profit or loss using the effective interest method.

FLEXJET OPERATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)**2.10 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.

2.11 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.

2.12 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.

2.13 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.

FLEXJET OPERATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.14 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 income and retained earnings.

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.

3. Employees

The average monthly number of employees, including Directors, during the year was 44 (2019: 42).

FLEXJET OPERATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

4. Tangible fixed assets

	Fittings & fixtures £	Office equipment £	Total £
Cost			
At 1 January 2020	5,860	60,311	66,171
Additions	-	16,155	16,155
Disposals	(1,995)	(7,734)	(9,729)
At 31 December 2020	<u>3,865</u>	<u>68,732</u>	<u>72,597</u>
Depreciation			
At 1 January 2020	4,884	34,431	39,315
Charge for the year	297	12,867	13,164
Disposals	(1,316)	(2,449)	(3,765)
At 31 December 2020	<u>3,865</u>	<u>44,849</u>	<u>48,714</u>
Net book value			
At 31 December 2020	<u>-</u>	<u>23,883</u>	<u>23,883</u>
At 31 December 2019	<u>976</u>	<u>25,880</u>	<u>26,856</u>

5. Debtors

	2020 £	2019 £
Trade debtors	10,143	117,231
Amounts owed by group undertakings	6,570,690	665,935
Other debtors	97,715	74,089
Prepayments and accrued income	512,848	544,232
	<u>7,191,396</u>	<u>1,401,487</u>

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

FLEXJET OPERATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

6. Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	679,074	324,736
Amounts owed to group undertakings	14,663,291	10,997,560
Other taxation and social security	475,344	81,875
Other creditors	22,826	20,923
Accruals and deferred income	1,113,155	881,856
	<u>16,953,690</u>	<u>12,306,950</u>

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. 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 £145,805 (2019: £101,446). Contributions totalling £22,826 (2019: £20,390) were payable to the fund at the reporting date and are included within other creditors.

8. Commitments under operating leases

At 31 December the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Not later than 1 year	-	1,642,658

FLEXJET OPERATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

9. Related party transactions

	2020 £	2019 £
Amounts receivable from Flexjet Limited	6,454,927	129,647
Amounts receivable from PEAK Acquisitions, Limited	70,994	-
Amounts receivable from Volare Acquisitions, Limited	44,769	-
Amounts payable to PrivateFly Limited	(68,873)	(17,068)
Amounts receivable from PrivateFly Limited	-	144,026
Amounts payable to Sirio S.p.A.	(728,899)	(207,753)
Amounts payable to Constant Aviation, LLC	(54,177)	-
Amounts payable to Flexjet, LLC	(13,505,249)	(10,095,935)
Amounts receivable from Flexjet, LLC	-	2,006
Amounts payable to Tuvoli, LLC	(3,916)	-
Amounts payable to Sentient Jet Charter, LLC	(302,177)	(286,548)
	<u>(8,092,601)</u>	<u>(10,331,625)</u>

In addition to the balances above, the Company had the following balances with related parties within Accruals at the reporting date: Everest Fuel Management, LLC £5,323 (2019: Sirio S.p.A. £136,562). The Company also had the following balances with related parties within Trade debtors at the reporting date: none in 2020 (2019: Sirio S.p.A. £49,610).

One Sky Flight, LLC holds a 49% minority interest, indirectly, in Flexjet Operations Limited and PEAK Acquisitions, Limited holds a 51% indirect interest in Flexjet Operations Limited. The Group does business with the following operating entities that have a participating interest of a Director: Flexjet, LLC, PrivateFly Limited, Flexjet Limited, Sirio S.p.A., Constant Aviation, LLC, Everest Fuel Management, LLC, Tuvoli, LLC, Volare Acquisitions, Limited and PEAK Acquisitions, Limited.

The following transactions took place in the year:

	2020 £	2019 £
PrivateFly Limited	3,056,778	4,582,801
Sirio S.p.A.	81,214	603,765
Flexjet Limited	13,554,658	4,432,735
PEAK Acquisitions, Limited	70,994	-
Volare Acquisitions, Limited	44,769	-
Total revenues from related parties	<u>16,808,413</u>	<u>9,619,301</u>

FLEXJET OPERATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

Related party transactions (continued)

	2020 £	2019 £
Flexjet, LLC	(56,387)	(93,327)
PrivateFly Limited	(68,936)	(38,772)
Flexjet Limited	(6,052,603)	(2,318,597)
Sirio S.p.A.	(1,974,990)	(1,988,938)
Constant Aviation, LLC	(209,343)	(610,783)
Everest Fuel Management, LLC	(32,402)	-
Tuvoli, LLC	(3,916)	-
Total expenses from related parties	(8,398,577)	(5,050,417)

10. Subsequent events

The UK officially left the EU on 31 January 2020. Due to the Withdrawal Agreement, it continued to participate in the EU Customs Union and European Single Market during a transition period that ended on 31 December 2020. The EU-UK Trade and Cooperation Agreement (TCA) is a free trade agreement signed on 30 December 2020, between the EU, the European Atomic Energy Community (Euratom) and the UK. It was ratified by the UK Parliament on 30 December 2020 and by the European Parliament in late April 2021. When the Withdrawal Agreement ended on 31 December 2020, the UK left the EU aviation system, and as such, from 1 January 2021 the UK is no longer part of EU aviation institutions, including the EU Aviation Safety Agency (EASA). So whilst there were effectively no changes in 2020 that would have impacted the Company due to Brexit, from 1 January 2021 there have been changes impacting aircraft operators in Europe. Whilst they will continue to enjoy the third and fourth freedoms of the air, they will no longer have the full freedoms that were previously afforded countries belonging to the EU, meaning that UK aircraft operators are now unable to freely operate some EU to EU routes. The group headed by the Company's immediate parent undertaking, Volare Acquisitions, Limited ("the Group") are addressing this by having incorporated a new company in the EU country of Malta, where a new Air Operator Certificate (AOC) has been established, giving the Group the ability to have Flexjet aircraft registered in both the UK, with Flexjet Operations Limited, and in the EU through its sister company, Flexjet Operations Malta Limited.

On 30 April 2021, Flexjet Operations Limited acquired 100% of the share capital of Halo Aviation Limited. Halo Aviation Limited manages a fleet of helicopters including the Augusta AW109 and AW169 models. The acquisition of Halo Aviation Limited positions the Group to offer its clients end-to-end flight solutions by adding helicopters to its existing portfolio of fixed-wing aircraft.

After the reporting date, the Company entered into a lease agreement with Farnborough Airport Limited for a 5 year term ending 31 December 2026. This operating lease is for premises from which their registered office address will also change from 23 February 2022 and is reflected on the company information page. The Company is committed to paying annual rental fees of £377,825 with an initial 3 month rent-free period.

FLEXJET OPERATIONS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

11. Controlling party

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

The smallest and largest group in which the Company is consolidated is PEAK Acquisitions, Limited.

The ultimate parent company is Picco Corporation, a corporation formed in Delaware, United States of America. No publicly available, consolidated financial statements are available for Picco Corporation.

The ultimate controlling party is an individual who is a Director of the Company, K C Ricci.