Jet2.com Limited

Report and Accounts

31 March 2009

Registered No. 2739537

DIRECTORS

Mr P Meeson (Executive Chairman)
Mr I Doubtfire
Mr A Menzies
Mr R Bodin
Mr A Sainthill
Mr S Lee
Mr P Ward
Mr B Gresham
Mr A Merrick

SECRETARY

Mrs T Winspear

AUDITORS

KPMG Audit Plc
1 The Embankment
Neville Street
Leeds
LS1 4DW

BANKERS

Barclays Bank plc
P O Box 612
Ocean Village
Southampton
SO14 2ZP

SOLICITORS

Addleshaw Goddard
150 Aldersgate Street
London
EC1A 4EJ

REGISTERED OFFICE

Low Fare Finder House
Leeds Bradford Airport
Leeds
West Yorkshire
LS19 7TU

DIRECTORS' REPORT

The directors present their report and accounts for Jet2.com Limited (registered no: 2739537) for the year ended 31 March 2009.

RESULTS AND DIVIDENDS

The results for the year are set out in the Profit and Loss Account and show a profit after taxation, of £19,349,000 compared to a loss, after taxation, of £12,006,000 in 2008. The directors do not recommend the payment of a dividend (2008: £nil).

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

Jet2.com focused its development in 2008/9 on a wider range of leisure sun routes, with new leisure routes added, principally from Leeds. In order to match supply with expected market demand Jet2.com managed down overall capacity both in Summer 2008 and in Winter 2008/9. Summer seat capacity was reduced by 21% with some city routes being discontinued and Winter capacity was reduced by 49% in recognition of the economic downturn, principally through reduction in flight frequencies to Western Mediterranean destinations. Encouragingly, the business continues to win awards – a recent customer satisfaction survey conducted by Which? identified Jet2.com as having the highest level of satisfaction amongst UK short haul carriers.

The Jet2.com in-house developed reservation system, which went live in February 2008, was further developed during the year, with the introduction of a number of enhancements including online seat assignment, a "shopping basket" facility for multiple purchases and a specific travel agency portal. The introduction of our own reservation system allows us to tailor the system constantly to meet customer needs quickly and effectively, improving the shopping experience and consequently generating additional non-ticket revenues.

Our passenger charter airline operations had a very strong year, as a result of both increased market demand and additional aircraft availability. Freight operations continue to deliver a significant revenue stream; in particular the night flights for Royal Mail on "Quick Change" aircraft allow us to maximise the use of the aircraft through day and night time operations.

Looking forward, Jet2.com will continue to focus its growth in the leisure sector of the airline market. The continuing development of its in-house IT capabilities is recognised as being particularly important to ensure that both its scheduled flights and holiday offerings meet the evolving demands of its growing customer base. Jet2.com also intends to continue to work closely with the travel trade in making its flight and holiday offerings more accessible to all forms of distribution.

Certain Key Performance Indicators are:

	2009	2008
Number of aircraft in use	**29**	29
Passenger numbers	**3.2m**	4.0m
Load factor	**78%**	72%
Retail revenue per customer	**£14.93**	£9.10
Percentage of estimated annual fuel requirement hedged for next financial year	**100%**	100%
Capital expenditure	**£26.1m**	£37.4m
Average monthly staff turnover	**2.5%**	2.0%
Advance ticket sales made at year end date	**£95.1m**	£96.9m

PRINCIPAL RISKS AND UNCERTAINTIES

Competition

The leisure airline sector is an increasingly competitive market, a position exacerbated by the current economic environment. Headline fare price competition remains very strong, and as a result the Group will continue to seek to maximise both its retail revenue income and the load factor on its aircraft.

Fuel prices

The price of fuel rose very significantly in Summer 2008, impacting on the price of both Jet Fuel and diesel. The cost of fuel will continue to be a very significant element of the Aviation cost base, and managing price variation effectively will continue to be important to the business. The Company's fuel price risk management strategy aims to limit the exposure to sudden and significant increases in oil prices, whilst ensuring the business remains competitive.

DIRECTORS' REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Government Policy
It is stated UK and EU policy to apply additional taxes to the aviation industry. Load factor will become an increasing issue for the sector given the planned introduction of the EU Emissions Trading Scheme which will be charged on an aircraft basis. There is a risk that the imposition of these taxes, at levels in excess of the economic cost of emissions, may result in reduced passenger demand.

DIRECTORS AND THEIR INTERESTS

The details of directors, who held office during the year and after the year end, are set out below:

Mr P Meeson	(Executive Chairman)
Mr R Bodin	
Capt R Bradshaw	(resigned 30 April 2008)
Mr I Doubtfire	
Mr B Gresham	
Mr S Lee	
Mr A Menzies	
Mr A Merrick	
Mr A Mondon	(resigned 31 May 2009)
Mr A Sainthill	
Mr R Trayhurn	(resigned 20 November 2008)
Mr P Ward	

None of the directors had any interest in the ordinary share capital of the Company other than Mr P Meeson, who holds one ordinary share as trustee of the ultimate parent undertaking, Dart Group PLC. Mr P Meeson and Mr A Merrick were also directors of the ultimate parent undertaking, Dart Group PLC during the year. Their interests in the share capital of Dart Group PLC are disclosed in the accounts of that Company.

SUPPLIER PAYMENT POLICY

It is the Company's policy to agree terms of payment with suppliers. Suppliers are made aware of the Company's terms of payment and the Company adheres to the terms agreed. It is not the Company's policy to follow a code or standard in relation to payment practice. At 31 March 2009 the Company's creditor days were 19 (2008: 28 days).

GOING CONCERN

After making enquiries including the preparation of financial projections, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

In accordance with section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG Audit Plc will therefore continue in office.

By order of the Board

T Winspear
Secretary
30 September 2009

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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

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

The accounts are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss 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 judgments 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; and

• 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its accounts comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT

to the member of *Jet2.com* Limited

We have audited the financial statements of ***Jet2.com*** Limited for the year ended 31 March 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Reconciliation of Movements in Shareholder's Funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 5.

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

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

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

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

Basis of audit opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 March 2009 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
Leeds

7 October 2009

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2009

	Notes	2009 £000	2008 £000
TURNOVER	2	**316,997**	306,302
Net operating expenses	3	**(288,712)**	(326,903)
OPERATING PROFIT / (LOSS)	4	**28,285**	(20,601)
Net interest receivable	6	**1,997**	3,933
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		**30,282**	(16,668)
Taxation on profit / (loss) on ordinary activities	7	**(10,933)**	4,662
PROFIT / (LOSS) FOR THE FINANCIAL YEAR	15	**19,349**	(12,006)

There are no recognised gains or losses other than the profit for the year of £19,349,000 (2008: loss £12,006,000).

A statement of the movement on reserves is given in Note 16 to the accounts.

The results for the current and prior years all relate to continuing activities. There is also no difference between the loss/profit on ordinary activities before taxation and the retained profit / (loss) for the year stated above and their historical cost equivalents.

BALANCE SHEET
at 31 March 2009

	Notes	2009 £000	2008 £000
FIXED ASSETS			
Intangible assets	*8*	**-**	433
Tangible assets	*9*	**6,893**	7,079
		6,893	7,512
CURRENT ASSETS			
Stock	*10*	**8,521**	10,067
Debtors	*11*	**101,416**	74,069
Cash at bank and in hand	*12*	**68,770**	59,300
		178,707	143,436
CREDITORS: amounts falling due within one year	*13*	**(158,122)**	(142,992)
NET CURRENT ASSETS		**20,585**	444
NET ASSETS		**27,478**	7,956
CAPITAL AND RESERVES			
Called up share capital	*15*	**250**	250
Profit and loss account	*16*	**27,228**	7,706
SHAREHOLDER'S FUNDS	*17*	**27,478**	7,956

The accounts were approved by the Board of Directors at a meeting held on 30 September 2009 and were signed on its behalf by:

A D Merrick
Director

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

The following accounting policies have been applied in dealing with items which are considered material in relation to the Company's financial statements. Except as noted below, the Company has applied consistent accounting policies.

Basis of preparation

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Going concern

Post year end the Group has refinanced its activities (refer to note 23 for further detail). The Group's facility is subject to security from the lending banks and is subject to standard financial and non financial covenants.

The Directors have prepared financial forecasts for the Group, comprising operating profit, balance sheet and cash flows to 31 March 2012.

For the purposes of their assessment of the appropriateness of the preparation of the Group's accounts on a going concern basis, the Directors have considered the principal areas of uncertainty within the forecast and the underlying assumptions, in particular these relate to market and customer risks, cost management and working capital management. A number of these are subject to market uncertainty and impact financial covenants. Recognising the potential uncertainty, the Directors have considered a range of actions available to mitigate the impact of these potential uncertainties and also reassessed the key strategies which underpin elements of the forecast and the group's ability to implement them successfully.

On the basis of these forecasts and these considerations, the Directors have assessed future covenant compliance and headroom for the foreseeable future and concluded that it is appropriate for the Financial Statements for the period ended 31 March 2009 to be prepared on a going concern basis.

Cash flow statement

The Company has utilised the exemptions provided under Financial Reporting Standard No. 1 (Revised) and has not presented a cash flow statement. The cash flows of the Company are included in the group accounts of the ultimate parent undertaking.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any provision for impairment.

Depreciation is calculated to write off the cost of property, plant and equipment down to their estimated residual value using the straight-line method over their estimated useful economic lives or the estimated useful economic lives of their individual major components as follows:

Short Leasehold property	Over the life of the lease
Freehold property	5-30 years
Plant, vehicles and equipment	3-7 years

Goodwill

Goodwill represents the excess of the cost of acquisition over the Company's interest in the fair value of the identifiable assets and liabilities and contingent liabilities of a subsidiary at the date of acquisition. Goodwill is allocated to cash-generating units and is amortised over a period of 3 years. Goodwill is stated at cost less any accumulated impairment losses. Goodwill is subject to an impairment test both annually and when indications of impairment arise

NOTES TO THE ACCOUNTS (continued)

1. ACCOUNTING POLICIES (continued)

Aircraft maintenance costs

The Company has a legal obligation to undertake specific periodic maintenance on the aircraft it operates whether those aircraft are leased from its parent Company, Dart Group PLC, or from third party aircraft lessors. These obligations require the Company to continue to maintain the aircraft and its engines in accordance with the aircraft manufacturer's published maintenance programmes during the term of the lease and to ensure that the aircraft is returned to the lessor in a satisfactory condition. As there is a legal and constructive obligation to return the aircraft in a specified condition, a monthly profit and loss charge is made by the Company and a maintenance provision created under *FRS 12 Provisions, contingent liabilities and assets* in Creditors.

The Company pays a monthly security deposit to Dart Group PLC based on a monthly usage calculation. The deposit is refunded to the Company once the maintenance activity has been completed by the Company. As such these are classified as *Amounts due from Parent undertaking* within Debtors.

The monthly security deposit payment is set at a level which is estimated to cover the cost of future maintenance procedures when they occur, matching the initial monthly maintenance charges on operating leased aircraft, and any known increases or reductions in maintenance spend are reflected in calculating the Company's maintenance charge on operating leased aircraft.

Short term maintenance

All maintenance expenditure relating to events expected to occur at least annually are expensed as incurred.

Stock

Aircraft spares are stated at the lower of cost and net realisable value. Net realisable value is that which would arise on sales in the normal course of business.

Leasing

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

Cash and cash equivalents

Cash equivalents are defined as including cash in hand and short term deposits with original maturity within three months, less overdraft repayable on demand.

Foreign currencies

Transactions in foreign currencies have been translated into Sterling at the rates applicable when they were completed and monetary assets and liabilities at the year end have been translated at the rates at that date. Differences arising on exchange are reflected in the results for the year.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Classification of financial instruments issued by the Company

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholder's funds) only to the extent that they meet the following two conditions:

NOTES TO THE ACCOUNTS (continued)

1. ACCOUNTING POLICIES (continued)

a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholder's funds, are dealt with as appropriations in the reconciliation of movements in shareholder's funds.

Pensions

The Company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Share based payments

The fair value of employee share option plans is measured at the date of grant of the option using the binominal valuation model. The resulting cost, as adjusted for the expected and actual level of vesting of the options, is charged to income over the period in which the options vest. At each balance sheet date before vesting the cumulative expense is calculated, based on the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions, and hence the number of equity instruments that will ultimately vest. Cumulative expense since the previous balance sheet date is recognised in the income statement with a corresponding entry in reserves. The Company has taken advantage of the transitional provisions of FRS 20 in respect of the fair value of equity settled awards so as to apply FRS 20 only to those equity settled awards granted after 7 November 2002 that had not vested as at 1 April 2005 (the effective date of the standard). The cost of these share options reflected in the results of the Company for the year is £173,000 (2008: £128,000).

Where the Company's parent grant rights to its equity instruments to the Company's employees, which are accounted for as equity-settled in the consolidated accounts of the parent, the Company accounts for these share-based payments as equity-settled.

2. TURNOVER

Turnover (which excludes Value Added Tax and Air Passenger Duty) arises from passenger aircraft operations, retail activities, charter and cargo aircraft operations.

Revenue from ticket sales for scheduled passenger flights is recognised at the date of departure. Charter aircraft income is recognised in the period in which the service is provided. Retail revenue from cabin service sales, excess baggage charges and extra leg room charges are also recognised once the relevant flight has taken place. Separately identified incremental credit card charges and call centre booking fees are recognised at the date of booking and booking change fees are recognised when the change is made, in line with the costs which such charges are designed to cover. Commission earned from hire car and hotel bookings is recognised on departure and from travel insurance on booking, reflecting the time when commission can no longer be recovered on cancellation. Amounts received from customers for which revenue has not yet been recognised are recorded in the balance sheet within trade and other payables as deferred revenue.

The turnover and profit before tax is attributable to the operation of cargo aircraft on charter contracts and the operation of passenger aircraft on charter contracts and low cost scheduled flights, and arises as follows:

NOTES TO THE ACCOUNTS (continued)

2 TURNOVER (continued)

	2009 £000	2008 £000
Turnover arising :		
- Continuing operations		
Within the United Kingdom and the Channel Islands	**39,903**	55,398
Between the United Kingdom and Mainland Europe	**270,088**	250,738
Other	**7,006**	166
	316,997	306,302

3. NET OPERATING EXPENSES

	2009 £000	2008 £000
Direct operating costs	**230,046**	256,771
Staff costs (note 5)	**47,388**	45,497
Depreciation – owned assets	**2,190**	2,006
Profit on disposal of fixed assets	**(4)**	(7)
Other operating charges	**9,092**	22,636
	288,712	326,903

4. OPERATING PROFIT / (LOSS)

Operating profit / (loss) is stated after charging:	2009 £000	2008 £000
Auditors' remuneration - audit services	**60**	36
- taxation services to the company	**45**	67
Depreciation	**2,190**	2,006
Amortisation	**433**	433
Operating lease rentals - land and buildings	**870**	955
- plant and machinery	**1,011**	8,597
- aircraft rentals payable to parent undertaking	**18,336**	24,621

5. STAFF COSTS

	2009 £000	2008 £000
Wages and salaries	**41,190**	40,533
Social security costs	**4,564**	3,805
Other pension costs (note 19)	**1,461**	1,031
Share based payment charge (note 17)	**173**	128
	47,388	45,497

The share based payment charge relates to rights granted by the Company's parent to its equity instruments to the Company's employees, which are accounted for as equity-settled in accordance with the stated accounting policy in note 1.

NOTES TO THE ACCOUNTS (continued)

5. STAFF COSTS (continued)

The average weekly number of employees during the year, including directors, was as follows:

	2009 No.	2008 No.
Operations	**1,216**	1,159
Administration	**185**	136
	1,401	1,295

	2009 £000	2008 £000
Directors' remuneration:		
Emoluments	**1,498**	1,459
Pension contributions	**132**	155
	1,630	1,614
Highest paid director:		
Emoluments	**242**	197
Pension contributions	**20**	20
	262	217

The number of directors accruing benefits under the Company pension scheme was 12 (2008: 12). The number of directors in respect of whose services shares were received or receivable under long term incentive schemes was 12 (2008: 12).

6. NET INTEREST RECEIVABLE

	2009 £000	2008 £000
Interest receivable from group undertakings	**1,937**	3,935
Bank interest receivable	**60**	-
Bank and other interest payable	**-**	(2)
	1,997	3,933

NOTES TO THE ACCOUNTS (continued)

7. TAXATION

	2009 £000	2008 £000
Current taxation:		
UK corporation tax based upon the profit / (loss) for the year	**5,188**	(4,749)
Adjustments in respect of previous periods	**5,841**	(151)
	11,029	(4,900)
Deferred taxation:		
Origination and reversal of timing differences		
- current year	**(128)**	51
- prior year	**32**	165
- rate changes	**-**	22
	(96)	238
Tax charge / (credit) for the year	**10,933**	(4,662)

The tax assessed for the year is lower than the standard rate of corporation tax in the UK 28% (2008 - 30%). The differences are explained below:-

	2009 £000	2007 £000
Profit on ordinary activities before taxation	**30,282**	(16,668)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008 - 30%)	**8,479**	(5,000)
Effects of:		
Expenses not deductible for tax purposes	**73**	240
Capital allowances for the year in excess of depreciation	**196**	11
Recognition of previously unrecognised tax losses	**(3,560)**	-
Adjustments to tax charge in respect of previous periods	**5,841**	(151)
Current tax charge / (credit) for year (see above)	**11,029**	(4,900)

NOTES TO THE ACCOUNTS (continued)

8. INTANGIBLE FIXED ASSETS

	Goodwill £000
Cost	
At 1 April 2008 and at 31 March 2009	1,299
Amortisation	
At 1 April 2008	866
Amortisation in the year	433
At 31 March 2009	1299
Net Book Value	
At 31 March 2008	433
At 31 March 2009	-

9. TANGIBLE FIXED ASSETS

	Freehold property £000	Short leasehold property £000	Plant, vehicles and equipment £000	Total £000
Cost:				
At 1 April 2008	1,460	468	13,560	15,488
Additions	(8)	-	2,022	2,014
Disposals	-	-	(169)	(169)
At 31 March 2009	**1,452**	**468**	**15,413**	**17,333**
Depreciation:				
At 1 April 2008	333	443	7,633	8,409
Provided during the year	230	-	1,960	2,190
Disposals	-		(159)	(159)
At 31 March 2009	**563**	**443**	**9,434**	**10,440**
Net book value at 31 March 2008	1,127	25	5,927	7,079
Net book value at 31 March 2009	**889**	**25**	**5,979**	**6,893**

NOTES TO THE ACCOUNTS (continued)

10. STOCK

	2009 £000	2008 £000
Aircraft parts	**8,521**	10,067

11. DEBTORS

	2009 £000	2008 £000
Trade debtors	**11,016**	13,062
Amounts due from parent undertaking	**65,412**	50,107
Amounts due from group undertakings	**2,189**	560
Other debtors and prepayments	**22,597**	10,234
Deferred taxation (note 14)	**202**	106
	101,416	74,069

Included in amounts due from parent undertaking are maintenance security deposits repayable to the Company of £45,745,000 (2008 - £25,968,000).

12. CASH AND CASH EQUIVALENTS

Included within cash is £8,100,000 (2008: £nil) of cash paid over to hedging counterparties as collateral against market exposures. These balances are considered to be restricted.

13. CREDITORS: amounts falling due within one year

	2009 £000	2008 £000
Trade creditors	**8,051**	18,072
Other taxes and social security costs	**2,492**	2,932
Other creditors and accruals	**13,123**	10,192
Maintenance liabilities	**33,828**	18,702
Deferred income	**100,628**	93,094
	158,122	142,992

NOTES TO THE ACCOUNTS (continued)

14. DEFERRED TAXATION

	2009	2008
	£000	£000
Deferred taxation arising from:		
Accelerated capital allowances		
Deferred tax (liability) / asset at start of year	**(17)**	109
Deferred tax credit / (charge) in profit and loss account	**96**	(126)
	79	(17)
Disallowable redundancy and maintenance provisions		
Deferred tax asset at start of year	**123**	235
Deferred tax credit in profit and loss account	**-**	(112)
	123	123
Deferred tax asset at end of year	**202**	106

There are no unrecognised deferred taxation balances at 31 March 2009 (2008: £Nil).

15. SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	2009	2008	**2009**	2008
	No.	No.	**£000**	£000
Ordinary shares of £1 each	**250,000**	250,000	**250**	250

16. RESERVES

	Profit and loss account
	£000
At 1 April 2008	7,706
Profit for the year	19,349
Reserves movement arising from share-based payment charge	173
At 31 March 2009	**27,228**

NOTES TO THE ACCOUNTS (continued)

17. RECONCILIATION OF SHAREHOLDER'S FUNDS

	2009 £000	2008 £000
Profit / (loss) for the year	**19,349**	(12,006)
Reserves movement arising from share-based payment charge	**173**	128
Net increase / (reduction) in shareholder's funds	**19,522**	(11,878)
Opening shareholder's funds	**7,956**	19,834
Closing shareholder's funds	**27,478**	7,956

Details of the employee share schemes operated by the Group are disclosed in note 22 of the Dart Group Plc financial statements. The amount charged in the Company's accounts for the year, which is based on the Company's employees participating in the schemes, was £173,000 (2008 - £128,000).

18. CONTINGENT LIABILITIES

The Company has issued various guarantees in the ordinary course of business, none of which are expected to lead to a financial gain or loss.

The Company is currently involved in litigation proceedings in the US against Sutra Inc and Novak Niketic, who provided use of the reservation system operated by the Company until February 2008, in relation to the termination of the use of this system. An unspecified counterclaim has been lodged which is being vigorously defended by the Company in respect of which the Directors estimate approximately $2.5m liability in the unlikely event that the counterclaim is successful.

19. PENSION COMMITMENTS

All Company pensions are to be provided from the proceeds of money purchase schemes and the Company has no obligation to meet any shortfalls arising from actuarial valuations lower than those originally anticipated. The charge to the profit and loss account represents the payments due to the fund during the year (see note 5).

20. OTHER FINANCIAL COMMITMENTS

At 31 March 2009 the Company had annual commitments under non-cancellable operating leases as set out below:

	2009 Land and Buildings £000	**2009 Plant and Machinery £000**	2008 Land and Buildings £000	2008 Plant and Machinery £000
Operating leases which expire:				
- within one year	**54**	**-**	118	-
- within two to five years	**346**	**-**	238	-
- over five years	**120**	**1,341**	86	-
	520	**1,341**	442	-

NOTES TO THE ACCOUNTS (continued)

21. RELATED PARTY TRANSACTIONS

The Company has utilised the exemption under Financial Reporting Standard No. 8 as a subsidiary undertaking (where 90% or more of the voting rights are controlled by its ultimate parent Company) not to disclose transactions with other entities that are part of Dart Group PLC.

22. ULTIMATE PARENT UNDERTAKING

The parent undertaking of the smallest and largest group of undertakings for which group accounts are drawn up and of which the Company is a member is Dart Group PLC, the ultimate parent undertaking. Dart Group PLC is registered in England and Wales and copies of its accounts can be obtained from Low Fare Finder House, Leeds Bradford Airport, Leeds, West Yorkshire, LS19 7TU.

23. POST BALANCE SHEET EVENTS

Subsequent to the year-end, the Group has successfully completed a refinancing of its syndicated facilities. It has concluded three year agreements for the provision of both letter of credit facilities and for the provision of working capital facilities. Together, these facilities meet the Group's foreseeable funding needs and put the Group in a strong position to take advantage of business opportunities as they arise in the future.