

# ***Jet2.com* Limited**

## **Report and Accounts**

For the year ended 31 March 2015

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COMPANIES HOUSE

**DIRECTORS**

Philip Meeson	Executive Chairman	
Stephen Heapy	Chief Executive Officer	
Gary Brown	Chief Financial Officer	
Philip Ward	Managing Director – <b>Jet2.com</b>	
Richard Chambers	Human Resources Director	
Paul Dobson	Director - Flight Operations	Appointed 1 April 2015
Ian Doubtfire	Business Development Director	
Ian Du Cros	Director - Mail & Cargo	
Robin Evans	Director - Aviation Special Projects	Resigned 9 October 2015
Stephen Guy	Procurement Director	Appointed 29 September 2014
Christopher Hubbard	Director of Engineering & Maintenance	
Gary Isaacs	Chief Information Officer	Appointed 9 June 2014
Stephen Lee	Commercial Director	
Andrew Menzies	Technical Director	
Stephen Blan	Chief Operating Officer	Appointed 7 July 2014; Resigned 29 August 2014

**SECRETARY AND REGISTERED OFFICE**

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

**AUDITOR**

KPMG LLP  
1 Sovereign Square  
Sovereign Street  
Leeds LS1 4DA

**BANKERS**

Barclays Bank PLC  
Barclays Corporate Banking Centre  
4th Floor Apex Plaza  
Forbury Road  
Reading RG1 1AX

Lloyds Bank plc  
2<sup>nd</sup> Floor  
Lisbon House  
116 Wellington Street  
Leeds LS1 4LT

Clydesdale Bank  
(trading as Yorkshire Bank)  
Corporate Banking (1st Floor)  
Merrion Way  
Leeds LS2 8NZ

Santander Global Banking & Markets  
2 Triton Square  
Regent's Place  
London NW1 3AN

**SOLICITORS**

Herbert Smith Freehills LLP  
Exchange House  
Primrose Street  
London EC2A 2EG

Norton Rose Fulbright LLP  
3 More London Riverside  
London  
SE1 2AQ

Bird & Bird LLP  
15 Fetter Lane  
London  
EC4A 1JP

## STRATEGIC REPORT

### THE BUSINESS

**Jet2.com** Limited ("the Company") operates scheduled leisure flights to high volume leisure destinations in the Mediterranean, the Canary Islands and to European Leisure Cities from its bases at Belfast International, East Midlands, Edinburgh, Glasgow, Leeds Bradford, Manchester and Newcastle airports. The Company is a subsidiary of Dart Group PLC, which is fully committed to the Company's continued growth and development. On 31 March 2015 the Company acquired 100% of the ordinary share capital of **Jet2holidays** Limited from Dart Group PLC thus forming a single leisure travel business, **Jet2.com**. Immediately after the acquisition, **Jet2.com** Limited purchased an additional £20.0m of ordinary shares in **Jet2holidays** Limited at the nominal value of £1. Due to the timing of the Company's acquisition of **Jet2holidays**, the post-acquisition profit after taxation of **Jet2holidays** Limited, and therefore its contribution to the consolidated results of **Jet2.com** Limited for the year ended 31 March 2015, was £nil.

The business takes both package holiday and flight-only customers to high volume leisure destinations in the Mediterranean, the Canary Islands and to European Leisure Cities, flying to 55 destination airports, serving 364 holiday resorts from its 7 Northern UK departure bases. Our customer volumes allow us to serve many destinations daily and others several times a week during the spring, summer and autumn months, offering a great choice of variable duration holidays at attractive prices. Whether our customers have arranged their own accommodation, or buy a complete package holiday from us, we recognise that this is one of the most important family experiences of the year and we do our best to ensure that we deliver a holiday that can be both eagerly anticipated and fondly remembered.

The business has contractual relationships with over 2,400 hotels, committing to room allocations from as few as 4 beds a night, to over 300, often placing substantial deposits to ensure there is a dependable and competitive room offering in the most attractive hotels. Our buying power ensures we have a wide range of great value 2 and 3-star to 5-star hotel products for both families on a budget and those wanting more pampering. We employ substantial numbers of representatives in resort to look after our customers, backed up by 24-hour customer helplines giving practical assistance in the event of problems. Together with our airport-to-hotel coach transfer services, everything is organised to make our customers' holiday easy and carefree.

To support our growth, our commercial centre in Leeds employs nearly 700 commercial, marketing, revenue, IT and finance colleagues, including our 200+ strong call centre for sales and customer support. Our package holiday business, especially, gives us the opportunity to concentrate our efforts and enthusiasm into delivering a product that delights our customers. A great holiday experience engenders loyalty and many repeat bookings are made shortly after our customers return.

During the year, our airline operation expanded its fleet to 59 aircraft (2014: 55) for summer 2015 flying - 45 of which were leased from the parent company, Dart Group PLC - with commensurate increases in pilots, engineers and cabin crew. And, in May 2014 we were delighted to inaugurate our new flight simulator and training centre in Bradford. The centre provides a bespoke training facility for those pilots, engineers and cabin crew and will equip us with well trained colleagues as we continue to grow over the coming years.

**Jet2holidays** is now the UK's third largest ATOL licensed package holidays tour operator. Whilst our flight-only product remains very important, we believe our growing package holiday business has tremendous future potential. The package holiday is a very popular product, among young and old and families alike. Organising enjoyable and dependable holidays for our customers gives us the opportunity to personally delight them and for us to reap commensurate rewards in the future.

## STRATEGIC REPORT (continued)

### RESULTS AND DIVIDENDS

The results for the year are set out in the Consolidated Profit and Loss Account and show an improved operating profit before separately disclosed items (note 25) of £31.2m (2014: 25.7m). Following a Supreme Court ruling delivered on 31 October 2014, which refused **Jet2.com** permission to appeal against the Court of Appeal's earlier judgment in the case of Huzar v Jet2.com Limited relating to flight delay compensation under Regulation (EC) No 261/2004, the business made an exceptional provision of £17.0m. After accounting for this provision, operating profit reduced to £14.2m (2014: £25.7m), profit before taxation increased to £23.2m (2014: £20.3m), and profit after taxation increased to £18.5m (2014: £16.1m).

The Directors do not recommend the payment of a dividend (2014: *£nil*).

The business increased its departing customer numbers by 8% to 3.02m (2014: 2.81m). Of those, 1.00m (2014: 0.83m) chose a great value **Jet2holidays** product, a growth of 20%, with the remaining 2.02m (2014: 1.98m) choosing to enjoy a flight only. The business's customers continue to demand value and consistent quality, together with excellent customer service and, therefore, the growth in our package holiday customers to 33% of the total (2014: 30%), is particularly pleasing.

An integrated approach to revenue and demand management between the two products, plus the growing proportion of flying to the Canary Islands and Eastern Mediterranean, contributed to an improved load factor of 91.2% (2014: 91.0%) and a 2% increase in net ticket price per passenger to £79.87 (2014: £78.39).

Non-ticket revenue per passenger, which is primarily discretionary in nature, increased by 5% to £30.91 (2014: £29.49). This revenue stream continues to be optimised through the business's customer contact programme, which focusses on pre-departure online sales of hold bags, advanced seat assignment, pre-ordered meals, travel insurance and car hire, and through in-flight sales of meals, drinks, snacks, cosmetics, perfumes and duty free products.

As a result, total turnover grew by 12% to £719.9m (2014: £643.1m), which included an amendment to flight prices charged to **Jet2holidays** in relation to booking fees.

A smooth customer journey and experience are paramount and the delivery of great customer service is at the heart of the business's brand values. To ensure that every employee understands this ethos, the business has continued to invest in its all-employee engagement programme "Take Me There", with each and every colleague receiving training on the importance of delivering customer service excellence at every point in the customer journey.

We continue to believe that sustained levels of investment in product, brand and customer service excellence, plus the delivery of an attractive end-to-end product, engenders loyalty and repeat bookings and gives us the greatest opportunity to retain and attract customers, both existing and new. As a result, the business expects to see further growth in customer numbers and revenues.

STRATEGIC REPORT (continued)

Key Performance Indicators	2015	2014	Change
Number of aircraft operated at 31 March	55	50	10%
Number of routes	217	205	6%
Sector seats available (capacity)	6.63m	6.16m	8%
Passenger sectors flown	6.05m	5.61m	8%
Load factor	91.2%	91.0%	0.2 ppts
Flight-only passenger sectors flown	4.05m	3.95m	3%
Package holiday passenger sectors flown	2.00m	1.66m	20%
Package holiday customers	1.00m	0.83m	20%
Net ticket yield per passenger sector (excl. taxes)	£79.87	£78.39	2%
Average package holiday price	£590.69	£571.53	3%
Non-ticket revenue per passenger sector*	£30.91	£29.49	5%
Average hedged price of fuel (US\$ per tonne)	\$922	\$961	4%
Fuel requirement hedged for the next financial year	97%	99%	(2.0ppts)
Advance sales made as at 31 March	£580.3m	£484.9m**	20%

\* Includes **Jet2holidays** pre-acquisition (pre-31 March 2015)

\*\* Restated on a consolidated basis to include **Jet2holidays**

PRINCIPAL RISKS AND UNCERTAINTIES

This section describes the principal risks and uncertainties which may affect the business's operations, its reputation, financial results and strategic objectives. This list is not intended to be exhaustive.

**Safety and security**

The safety and security of the business's customers and colleagues is a key priority. Failure to prevent or deal effectively with a major safety incident, including a security related threat, could adversely affect its reputation, and operational and financial performance.

**Jet2.com's** airline business operates a robust Safety Management System based upon a 'Just Culture', which provides an environment where all colleagues are encouraged to report and submit safety related information in a timely manner. This enables proactive assessment and mitigation of risk associated with its operation, escalated via regular internal safety steering committees and action groups.

Compliant and effective Safety Management System oversight is provided by the appropriate use of occurrence report investigations, flight data management, risk management, health and safety and aviation security inspections, together with quality assurance audits across **Jet2.com's** operations.

All airline safety and security matters are managed by the business's Safety, Compliance and Assurance group which reports directly to the Accountable Manager and the Safety Management Board. This board, which meets quarterly, monitors trends and identifies any areas of risk that require closer attention.

The assessment of health and safety risks in featured hotels, as well as the other holiday components packaged, is part of normal operational routines; this is reflected in the business's package holiday Safety Management System. Supplier compliance is reviewed prior to any hotel being placed on sale or occupied by any customer, and a compliance programme is in place for all featured hotels, including auditing and ongoing reviews of the safety of the programme. A Health and Safety Steering Committee reviews all activity undertaken, and recommends the health and safety strategy implemented by the Board.

## **STRATEGIC REPORT (continued)**

### **Competition**

The business is impacted by competitor activity and will continue to focus on giving customers the widest possible choice of popular, high volume leisure destinations in order to optimise load factor, net ticket yield, non-ticket revenue and average package holiday price, whilst ensuring that its great value proposition remains attractive to its customers. The business continues to work alongside and invest in relationships with key hotel suppliers to ensure the availability of accommodation that meets customer requirements. The operation will continue to benefit from a number of sales channels - the web, through travel agencies and via tour operators - and from non-scheduled aircraft utilisation through its passenger and freight charter activities.

### **IT system dependency and information security**

The business is reliant on a number of key IT systems, their scalability and ongoing development. It is dependent on the internet and receives the majority of its revenues through online debit and credit card transactions. Further revenues are received at departure airports and on our flights via Chip & PIN-secured devices. The primary IT risks to the business are a loss of systems, unauthorised access to facilities, or a security breach, which could lead to disruption that has an operational, a reputational and/or a financial impact. To mitigate these risks and to ensure any potential loss of functionality is minimised, the business regularly tests its disaster recovery plan in relation to its IT infrastructure, which would be activated should a loss of functionality occur. The business also operates a formal IT Change Management process that directs and controls changes to its data processing environment. In addition, the business is engaged in regular information security reviews and updates its policies and procedures in line with industry best practices and standards and business requirements. This ensures that the business has in place systems, controls and processes to protect its network from external and internal security threats.

### **Exposure to fluctuations in fuel prices and exchange rates**

The cost of fuel remains a material element of the cost base of the business, and the effective management of fuel price variation will continue to be important. The business's strategy is to manage fuel price risk, via forward contracts, with the aim of limiting exposure to sudden increases in oil prices, whilst ensuring it remains competitive.

The business incurs considerable operational costs which are euro and US dollar denominated and is therefore exposed to sudden movements in exchange rates. To protect against such fluctuations, it uses forward currency contracts with approved counterparties.

### **Economic conditions**

Whilst it is believed that UK consumers regard their summer holiday as a very important element of the annual household budget, ultimately, economic conditions are likely to have an impact on the level of demand for the business's services. To mitigate this risk, the business will continue to focus on serving its customers' demand for great value package holidays in, and flights to, high volume leisure destinations in the Mediterranean, the Canary Islands and European Leisure Cities.

### **Environmental risks**

As evidenced in recent years, the business is at potential risk of disruption from the force of nature, such as extreme weather conditions and volcanic activity, and through other external factors, such as: acts of terrorism; epidemics; pandemics; and strike action.

The business mitigates this risk by regularly updating a carefully planned response to be implemented by a team of experts should there be significant disruption to its leisure travel activities. The business also maintains prudent levels of liquid funds to enable it to continue to operate through a period of sustained disruption.

**STRATEGIC REPORT** (continued)

In addition, the investment in the business's commercial centre in Leeds means that the operation is able to run from more than one site, which supports its established Business Continuity Plan.

**Government policy and regulatory intervention**

The airline industry is heavily regulated, with recent intervention including, most notably, passenger compensation in relation to flight delays and cancellations under Regulation (EC) No 261/2004.

There is a continuing risk that the imposition of taxes and charges, which are levied by regulatory decision rather than by commercial negotiation at levels in excess of economic cost, may result in reduced passenger demand or adversely impact the business's cost base. In this regard, the business will maintain its focus on delivering a great value package holiday product, the careful management of its route network, on-time performance, and will continue to engage with policy setters and regulators to encourage legislation that is fit for purpose.



**Gary Brown**  
**Director**

30 October 2015

## DIRECTORS' REPORT

The Directors present their report and accounts for the year ended 31 March 2015.

### DIRECTORS AND THEIR INTERESTS

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

Philip Meeson	Executive Chairman	
Stephen Heapy	Chief Executive Officer	
Gary Brown	Chief Financial Officer	
Philip Ward	Managing Director – <b>Jet2.com</b>	
Richard Chambers	Human Resources Director	
Paul Dobson	Director - Flight Operations	Appointed 1 April 2015
Ian Doubtfire	Business Development Director	
Ian Du Cros	Director - Mail & Cargo	
Robin Evans	Director - Aviation Special Projects	Resigned 9 October 2015
Stephen Guy	Procurement Director	Appointed 29 September 2014
Christopher Hubbard	Director of Engineering & Maintenance	
Gary Isaacs	Chief Information Officer	Appointed 9 June 2014
Stephen Lee	Commercial Director	
Andrew Menzies	Technical Director	
Stephen Blan	Chief Operating Officer	Appointed 7 July 2014; Resigned 29 August 2014

None of the Directors had any interest in the ordinary share capital of the Company other than Philip Meeson, who holds one ordinary share as trustee of the ultimate parent undertaking, Dart Group PLC. Philip Meeson, Stephen Heapy and Gary Brown were also Directors of Dart Group PLC, during the year. Their interests in the share capital of Dart Group PLC are disclosed in the accounts of that company.

### GOING CONCERN

For the purposes of their assessment of the appropriateness of the preparation of these consolidated **Jet2.com** Limited accounts on a going concern basis, the Directors have considered the current cash position, the availability of banking facilities and forecasts of future trading through to 31 March 2018, including performance against the financial covenants of Dart Group PLC and assessment of principal areas of uncertainty and risk.

Having considered the points outlined above, the Directors have a reasonable expectation that the business will be able to operate within the levels of available facilities and cash for the foreseeable future. Consequently, they continue to adopt the going concern basis in preparing the financial statements for the year ended 31 March 2015.

### EMPLOYEE INVOLVEMENT

The business recognises the importance of promoting and maintaining good communications with colleagues. Its policy is to keep colleagues regularly informed on matters relating to their employment through a variety of weekly and monthly information bulletins and newsletters covering a wide range of topics. These are supplemented by annual presentations at each location by the senior management team.

The business has an in-house recognition and reward scheme named 'A Great Deal Friendlier'. The scheme recognises teams and individuals who have provided excellent service and gone the extra mile for both internal and external customers. Nomination volumes continue to grow, including those from our customers in relation to the excellent customer service they have received. This scheme is embedded in the business and underpins its customer focus principles.



## **DIRECTORS' REPORT (continued)**

### **EMPLOYEE INVOLVEMENT (continued)**

The Directors recognise that as the business grows it is increasingly important that colleagues communicate well and that everyone works together as one team. Senior management must understand the views and thoughts of colleagues and it is crucial that colleagues understand the reasons for key decisions and, when appropriate, are consulted about planned change. Consequently, building on the success of the existing Flight Deck and Cabin Crew consultative bodies, an Information and Consultation Agreement and Protocol covering every UK employee in **Jet2.com** and **Jet2holidays** has been established. The five agreements that make up the Information and Consultation Agreement and Protocol were approved by the negotiating representatives and set out how the Company will inform and consult with colleagues.

### **EQUALITY AND DIVERSITY**

The business is committed to promoting diversity and ensuring equality of opportunity for all within the workplace, regardless of race, gender, age, sexual orientation, marital or civil partnership status, pregnancy, religion, belief or disability. The business is also committed to ensuring that its procedures and selection processes in respect of recruitment, terms and conditions of employment, access to training and promotion and the terms upon which it offers access to facilities and services are free from discrimination.

### **DISCLOSURE OF INFORMATION TO AUDITOR**

Each of the persons who are Directors at the date of approval of this Annual Report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Company's Auditor is unaware; and
- The Director 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.

### **AUDITOR**

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

**By order of the Board**



**Philip Meeson**  
**Director**  
**Jet2.com** Limited  
Registered No. 2739537  
30 October 2015

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements 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 group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, 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 financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to: show and explain the parent company's transactions; disclose, with reasonable accuracy at any time, the financial position of the parent company; and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JET2.COM LIMITED

We have audited the financial statements of Jet2.com Limited for the year ended 31 March 2015 set out on pages 11 to 30. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 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 Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 9, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements 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 financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2015 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements 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.

**Adrian Stone (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
1 Sovereign Square  
Sovereign Street  
Leeds, LS1 4DA

6 November 2015

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
for the year ended 31 March 2015

		2015 Results before separately disclosed items £m	2015 Separately disclosed items (note 25) £m	2015 Total £m	2014 Total £m
	Note				
<b>TURNOVER</b>	3	719.9	-	<b>719.9</b>	643.1
Net operating expenses	4	(688.7)	(17.0)	<b>(705.7)</b>	(617.4)
<b>OPERATING PROFIT</b>	5	31.2	(17.0)	<b>14.2</b>	25.7
Net interest receivable		1.4	-	<b>1.4</b>	1.3
Revaluation of foreign currency balances		7.6	-	<b>7.6</b>	(6.7)
Net financing income / (costs)	7	9.0	-	<b>9.0</b>	(5.4)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		40.2	(17.0)	<b>23.2</b>	20.3
Taxation	8	(8.1)	3.4	<b>(4.7)</b>	(4.2)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		32.1	(13.6)	<b>18.5</b>	16.1

There are no recognised gains or losses other than the profit for the year of £18.5m (2014: £16.1m).

A statement of the movement on reserves is given in note 18 to the consolidated accounts.

The notes on pages 13 to 30 form an integral part of these financial statements.

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

Due to the timing of the Company's acquisition of **Jet2holidays** (31 March 2015), the post-acquisition profit after taxation of **Jet2holidays** Limited, and therefore its contribution to the consolidated results of **Jet2.com** Limited for the year ended 31 March 2015, was £nil.

**CONSOLIDATED BALANCE SHEET**  
at 31 March 2015

	Note	2015 £m	2014 £m
<b>NON-CURRENT ASSETS</b>			
Tangible assets	9	22.8	19.4
		<u>22.8</u>	<u>19.4</u>
<b>CURRENT ASSETS</b>			
Stock	10	21.4	20.6
Debtors	11	488.3	298.0
Cash at bank and in hand	12	352.8	214.4
Deferred taxation	16	0.4	0.6
		<u>862.9</u>	<u>533.6</u>
<b>CREDITORS: amounts falling due within one year</b>	13	<u>(662.1)</u>	<u>(406.5)</u>
<b>NET CURRENT ASSETS</b>		<u>200.8</u>	<u>127.1</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>223.6</u>	<u>146.5</u>
<b>CREDITORS: amounts falling due after more than one year</b>			
Other creditors	14	(0.7)	(0.4)
Provisions	15	(126.9)	(68.7)
		<u>(127.6)</u>	<u>(69.1)</u>
<b>NET ASSETS</b>		<u>96.0</u>	<u>77.4</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	0.3	0.3
Profit and loss account	18	95.7	77.1
<b>SHAREHOLDERS' FUNDS</b>	19	<u>96.0</u>	<u>77.4</u>

The accounts were approved by the Board of Directors at a meeting held on 30 October 2015 and were signed on its behalf by:



**Gary Brown**  
Director  
Jet2.com Limited  
Registered No. 2739537

## NOTES TO THE CONSOLIDATED ACCOUNTS

### 1. ACCOUNTING POLICIES

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

#### ***Basis of preparation***

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

#### ***Basis of consolidation***

The financial statements consolidate the accounts of **Jet2.com** Limited and all of its subsidiary undertakings ("subsidiaries").

As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the consolidated financial statements by virtue of section 408 of the Companies Act 2006.

The results of subsidiaries acquired during the year are included from the effective date of acquisition.

#### ***Going concern***

For the purposes of their assessment of the appropriateness of the preparation of the consolidated accounts on a going concern basis, the Directors have considered the current cash position, the availability of banking facilities and forecasts of future trading through to 31 March 2018, including performance against the financial covenants of Dart Group PLC, and assessment of principal areas of uncertainty and risk.

Having considered the points outlined above, the Directors have a reasonable expectation that the business will be able to operate within the levels of available banking facilities and cash for the foreseeable future. Consequently, they continue to adopt the going concern basis in preparing the financial statements for the year ended 31 March 2015.

#### ***Cash flow statement***

The business has utilised the exemptions provided under Financial Reporting Standard No. 1 (Revised) and has not presented a cash flow statement. The cash flows of **Jet2.com** are included in the consolidated accounts of the ultimate parent undertaking, Dart Group PLC.

#### ***Tangible fixed assets***

Property, plant and equipment is stated at cost less accumulated depreciation and any provision for impairment. Depreciation is calculated to write down the cost of each tangible fixed asset's estimated residual value using the straight-line method over estimated useful life.

Freehold property	-	25 to 30 years
Short leasehold property	-	Over the life of the lease
Plant, vehicles and equipment	-	3 to 7 years

## NOTES TO THE CONSOLIDATED ACCOUNTS (continued)

### 1. ACCOUNTING POLICIES (continued)

#### ***Provisions – aircraft maintenance costs***

The business undertakes 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 **Jet2.com** to maintain each aircraft and engine in accordance with the manufacturers' published maintenance programmes during the term of the lease and to ensure that each is returned to the lessor in accordance with its contractual requirements. As there is a legal and constructive obligation to return each aircraft and engine in a specified condition, a profit and loss charge is made by the business and a maintenance provision, based on activity levels, is created under FRS 12 *Provisions, contingent liabilities and assets* in Provisions.

The business pays a monthly security deposit to Dart Group PLC based on a monthly usage calculation. The deposit is refunded by Dart Group PLC once the maintenance activity has been completed, and paid for. Accordingly, these deposits 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.

#### ***Short-term maintenance***

All maintenance expenditure relating to events expected to occur annually, or more frequently, is expensed as incurred.

#### ***Stock***

Aircraft spares are stated at the lower of cost and net realisable value. Net realisable value is the estimated second hand value.

#### ***Leasing***

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

#### ***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 which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### ***Cash and cash equivalents***

Cash equivalents include short-term deposits maturing within three months of placement and restricted cash paid over to various counterparties as collateral against relevant exposures. Bank overdrafts are included within creditors falling due within one year.

#### ***Foreign currencies***

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date, and differences arising are reflected in the results for the year.

## NOTES TO THE CONSOLIDATED ACCOUNTS (continued)

### 1. ACCOUNTING POLICIES (continued)

#### *Classification of financial instruments issued*

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

- a) they include no contractual obligations upon the business to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable;
- b) where the instrument will or may be settled in the business's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the its own equity instruments or is a derivative that will be settled by 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 business'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.

#### *Pensions*

Jet2.com 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 binomial 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 vesting 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 business has taken advantage of the transitional provisions of FRS 20 in respect of the fair value of equity settled awards, and has applied 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 consolidated results for the year is £0.1m (2014: £0.2m).

Where Dart Group PLC grants rights to its equity instruments to Jet2.com's employees, which are accounted for as equity-settled in the consolidated accounts of the parent, Jet2.com accounts for these share-based payments as equity-settled.

### 2. PROFIT OF THE PARENT COMPANY

The business has taken advantage of the provisions of section 408 of the Companies Act 2006 and has not published a Parent Company Profit and Loss statement. Of the £18.5m profit after taxation declared in the Consolidated Profit and Loss statement on page 11, all £18.5m (2014: £16.1m) is provided by the parent company, Jet2.com Limited.



**NOTES TO THE CONSOLIDATED ACCOUNTS (continued)**

**3. TURNOVER**

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

Revenue from package holidays and 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. Non-ticket revenues from hold baggage charges, advanced seat assignment fees, extra leg room charges and in-flight sales are also recognised once the associated flight has departed, or holiday started. In order to match the timing of the costs incurred, separately identified incremental call centre booking fees are recognised at the date of booking, and booking change fees when the change is made. Commission earned from car hire bookings is recognised on departure and from travel insurance on booking, reflecting the point when services are performed.

Cash amounts received from customers for whom revenue has not yet been recognised are recorded in the balance sheet as deferred revenue within current liabilities, or within other non-current liabilities if the business's services are expected to be performed more than twelve months from the reporting date.

Turnover arises as follows:

	2015 £m	2014 £m
<b>Turnover arising :</b>		
Within the U.K. and the Channel Islands	36.8	47.0
Between the U.K. and Mainland Europe and the Canary Islands	649.8	564.9
Between the U.K. and the rest of the world	33.3	31.2
	<b>719.9</b>	<b>643.1</b>

**4. NET OPERATING EXPENSES**

	2015 £m	2014 £m
Direct operating costs	527.7	472.9
Staff costs (note 6)	119.8	102.8
Depreciation – owned assets	5.5	5.3
Other operating charges	35.7	36.4
<b>Net operating expenses before separately disclosed items</b>	<b>688.7</b>	<b>617.4</b>
Separately disclosed items (note 25)	17.0	-
<b>Net operating expenses</b>	<b>705.7</b>	<b>617.4</b>

NOTES TO THE CONSOLIDATED ACCOUNTS (continued)

5. OPERATING PROFIT

	2015 £m	2014 £m
Operating profit is stated after charging:		
Auditor's remuneration	0.1	0.1
Depreciation	5.5	5.3
Operating lease rentals - land and buildings	3.3	3.1
Operating lease rentals - plant and machinery	17.6	25.2
Operating lease rentals - aircraft rentals payable to parent undertaking	27.9	24.0

6. STAFF COSTS

	2015 £m	2014 £m
Wages and salaries	104.7	89.8
Social security costs	10.6	9.9
Other pension costs (note 21)	4.4	2.9
Share based payment charge (note 18)	0.1	0.2
	119.8	102.8

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

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

	2015 No.	2014 No.
Operations	2,816	2,470
Administration	320	332
	3,136	2,802

	£m	£m
<b>Directors' remuneration:</b>		
Emoluments	2.2	2.0
Pension contributions	0.1	0.2
	2.3	2.2
<b>Highest paid Director:</b>		
Emoluments	0.2	0.3
Pension contributions	-	-
	0.2	0.3

The number of Directors accruing benefits under the business's pension scheme was 11 (2014: 11). The number of Directors who, at the start of the financial year, held share options under long-term incentive schemes in the ultimate parent company, Dart Group PLC, was 10 (2014: 9).

NOTES TO THE CONSOLIDATED ACCOUNTS (continued)

7. NET FINANCING INCOME / (COSTS)

	2015 £m	2014 £m
<b>Net interest receivable:</b>		
From group undertakings	0.1	0.2
From third parties	1.3	1.1
	<u>1.4</u>	<u>1.3</u>
Revaluation of foreign currency balances	7.6	(6.7)
Net financing income / (costs)	<u>9.0</u>	<u>(5.4)</u>

8. TAXATION

	2015 £m	2014 £m
<b>Current taxation:</b>		
UK Corporation Tax based upon the profit for the year	4.6	4.8
Adjustments in respect of previous periods	(0.1)	(0.2)
Current tax charge for the year	<u>4.5</u>	<u>4.6</u>
<b>Deferred taxation:</b>		
Origination and reversal of timing differences:		
- current year	-	(0.4)
- prior year	0.2	(0.1)
- rate changes	-	0.1
Deferred tax charge / (credit) for the year	<u>0.2</u>	<u>(0.4)</u>
<b>Total tax charge for the year</b>	<u>4.7</u>	<u>4.2</u>

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the business's future current tax charge accordingly. The deferred tax asset at 31 March 2015 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

The current tax assessed for the year is lower than the standard rate of corporation tax in the UK of 21% (2014: 23%). The differences are explained below:

	2015 £m	2014 £m
Profit on ordinary activities before taxation	<u>23.2</u>	<u>20.3</u>
Profit on ordinary activities before taxation multiplied by standard rate of corporation tax in the UK of 21% (2014: 23%)	4.9	4.7
<b>Effects of:</b>		
Expenses not deductible for tax purposes	0.1	-
Depreciation for the year in excess of Capital Allowances	-	0.2
Adjustments to tax charge in respect of previous periods	(0.1)	(0.2)
Short-term timing differences	-	0.1
Other differences	(0.4)	(0.2)
<b>Current tax charge for year (see above)</b>	<u>4.5</u>	<u>4.6</u>

NOTES TO THE CONSOLIDATED ACCOUNTS (continued)

9. TANGIBLE FIXED ASSETS

	Freehold property £m	Short leasehold property £m	Plant, vehicles and equipment £m	Total £m
<b>Cost:</b>				
At 31 March 2014	2.0	2.1	38.7	42.8
Additions	-	0.3	8.5	8.8
Acquisition of subsidiary	-	-	0.1	0.1
Disposals	-	-	(0.2)	(0.2)
<b>At 31 March 2015</b>	<b>2.0</b>	<b>2.4</b>	<b>47.1</b>	<b>51.5</b>
<b>Depreciation:</b>				
At 31 March 2014	1.4	0.5	21.5	23.4
Charged during the year	-	0.4	5.1	5.5
Disposals	-	-	(0.2)	(0.2)
<b>At 31 March 2015</b>	<b>1.4</b>	<b>0.9</b>	<b>26.4</b>	<b>28.7</b>
<b>Net book value at 31 March 2015</b>	<b>0.6</b>	<b>1.5</b>	<b>20.7</b>	<b>22.8</b>
Net book value at 31 March 2014	0.6	1.6	17.2	19.4

10. STOCK

	2015 £m	2014 £m
Goods for re-sale	0.5	0.4
Aircraft parts	20.9	20.2
	<b>21.4</b>	<b>20.6</b>

11. DEBTORS

	2015 £m	2014 £m
Trade debtors	268.8	10.3
Amounts due from parent undertaking	154.9	149.9
Amounts due from group undertakings	-	111.6
Other debtors and prepayments	64.6	26.2
	<b>488.3</b>	<b>298.0</b>

Included in amounts due from parent undertaking are maintenance security deposits, repayable by Dart Group PLC, of £108.4m (2014: £77.8m).

## NOTES TO THE CONSOLIDATED ACCOUNTS (continued)

## 12. CASH AT BANK AND IN HAND

Included within cash at bank and in hand is £97.5m (2014: £114.6m) of cash which is restricted by the business's merchant acquirers as collateral against a proportion of forward bookings paid for by credit or debit card, until our customers have travelled. The business also had £51.7m (2014: £7.4m) of cash placed with various counterparties in the form of margin calls to cover out-of-the-money hedge instruments, primarily a result of the drop in the price of crude oil. The majority of these out-of-the-money positions are anticipated to run off through summer 2015 as the hedged instruments mature.

## 13. CREDITORS: amounts falling due within one year

	2015 £m	2014 £m
Trade creditors	20.9	10.9
Bank overdraft	13.0	-
Taxation and social security costs	10.9	9.6
Amounts owed to parent undertaking	0.5	-
Amounts owed to group undertakings	-	34.2
Loans	0.2	0.2
Other creditors and accruals	37.0	34.0
Deferred revenue	579.6	317.6
	<b>662.1</b>	<b>406.5</b>

## 14. OTHER CREDITORS

	2015 £m	2014 £m
Loans	-	0.1
Deferred revenue	0.7	0.3
	<b>0.7</b>	<b>0.4</b>

## 15. PROVISIONS

	Maintenance		Other		Total	
	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m
At 31 March	68.7	59.9	0.0	-	68.7	59.9
Provision in the year	70.4	37.8	17.9	-	88.3	37.8
Transfer from creditors	-	-	4.5	-	4.5	-
Utilisation in the period	(34.6)	(29.0)	-	-	(34.6)	(29.0)
At 31 March	<b>104.5</b>	<b>68.7</b>	<b>22.4</b>	<b>-</b>	<b>126.9</b>	<b>68.7</b>

Maintenance provisions relate entirely to aircraft maintenance and the business's obligation to maintain leased aircraft in accordance with aircraft manufacturers' published maintenance programmes during the lease term, and to ensure that aircraft are returned to lessors in accordance with contractual requirements. Other provisions relate to possible passenger compensation claims.

**NOTES TO THE CONSOLIDATED ACCOUNTS (continued)**

**16. DEFERRED TAXATION**

	2015 £m	2014 £m
Deferred taxation arising from:		
Deferred tax asset at start of year	0.6	0.2
Deferred tax (charge) / credit in the year	<u>(0.2)</u>	<u>0.4</u>
<b>Deferred tax asset at end of year</b>	<b><u>0.4</u></b>	<b><u>0.6</u></b>

There are no unrecognised deferred taxation balances at 31 March 2015 (2014: £nil).

	2015 £m	2014 £m
Accelerated Capital Allowances	0.3	0.4
Short-term timing differences	<u>0.1</u>	<u>0.2</u>
	<b><u>0.4</u></b>	<b><u>0.6</u></b>

**17. SHARE CAPITAL**

	Allotted, called up and fully paid 2015 £m	2014 £m
Ordinary shares of £1 each	<u>0.3</u>	<u>0.3</u>

**18. RESERVES**

	Profit and loss account £m
At 31 March 2014	77.1
Profit for the year	18.5
Dividends paid in the year	-
Reserves movement arising from share-based payment charges	<u>0.1</u>
<b>At 31 March 2015</b>	<b><u>95.7</u></b>

**19. RECONCILIATION OF SHAREHOLDERS' FUNDS**

	2015 £m	2014 £m
Profit for the year	18.5	16.1
Dividends paid in the year	-	-
Reserves movement arising from share-based payment charges	<u>0.1</u>	<u>0.2</u>
Net increase in shareholders' funds	18.6	16.3
Opening shareholders' funds	<u>77.4</u>	<u>61.1</u>
<b>Closing shareholders' funds</b>	<b><u>96.0</u></b>	<b><u>77.4</u></b>

## NOTES TO THE CONSOLIDATED ACCOUNTS (continued)

### 19. RECONCILIATION OF SHAREHOLDERS' FUNDS (continued)

Details of the employee share schemes operated by Dart Group PLC are disclosed in note 23 of that company's financial statements. The amount charged in the consolidated results for the year, which is based on the business's employees participating in the schemes, was £0.1m (2014: £0.2m).

### 20. CONTINGENT LIABILITIES

Various guarantees have been issued in the ordinary course of business, none of which are expected to lead to a financial gain or loss.

### 21. PENSION COMMITMENTS

The business 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 (see note 6).

### 22. OTHER FINANCIAL COMMITMENTS

At 31 March 2015 the business had annual commitments under non-cancellable operating leases as set out below:

	2015 Land and Buildings £m	2015 Plant and Machinery £m	2014 Land and Buildings £m	2014 Plant and Machinery £m
Operating leases which expire:				
- within one year	0.2	-	0.1	1.1
- within two to five years	0.1	45.2	0.4	42.3
- over five years	0.6	4.9	0.6	1.3
	<b>0.9</b>	<b>50.1</b>	<b>1.1</b>	<b>44.7</b>

### 23. RELATED PARTY TRANSACTIONS

The business has utilised the exemption under Financial Reporting Standard No. 8 as a subsidiary undertaking not to disclose transactions with other Dart Group PLC entities that are wholly owned by a member of the wider group.

### 24. ULTIMATE PARENT UNDERTAKING

The parent of the smallest and largest group of undertakings for which consolidated accounts are drawn up, and of which **Jet2.com** is a member, is Dart Group PLC. Dart Group PLC is registered in England and Wales and copies of its accounts can be obtained from Low Fare Finder House, Leeds Bradford International Airport, Leeds, West Yorkshire, LS19 7TU.

**NOTES TO THE CONSOLIDATED ACCOUNTS (continued)**

**25. SEPARATELY DISCLOSED ITEMS**

Separately disclosed items are presented in the middle column of the year ended 31 March 2015 Consolidated Profit & Loss Account in order to assist the reader's understanding of underlying business performance and to provide a more meaningful presentation. The right hand column presents the results for the year showing all gains and losses recorded in the Consolidated Profit & Loss Account.

***EU Regulation 261***

The full year results include a separately disclosed exceptional provision of £17.0m in relation to possible passenger compensation claims for historical flight delays under Regulation (EC) No 261/2004.



**COMPANY BALANCE SHEET**  
at 31 March 2015

	Note	2015 £m	2014 £m
<b>FIXED ASSETS</b>			
Investments	2	26.5	-
Tangible assets	3	22.6	19.4
		49.1	19.4
<b>CURRENT ASSETS</b>			
Stock	4	21.4	20.6
Debtors	6	334.5	298.0
Cash at bank and in hand	7	275.8	214.4
Deferred taxation	11	0.4	0.6
		632.1	533.6
<b>CREDITORS: amounts falling due within one year</b>	8	(457.9)	(406.5)
<b>NET CURRENT ASSETS</b>		174.2	127.1
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		223.3	146.5
<b>CREDITORS: amounts falling due after more than one year</b>			
Other creditors	9	(0.4)	(0.4)
Provisions	10	(126.9)	(68.7)
		(127.3)	(69.1)
<b>NET ASSETS</b>		96.0	77.4
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	0.3	0.3
Profit and loss account	13	95.7	77.1
<b>SHAREHOLDERS' FUNDS</b>	14	96.0	77.4

The accounts were approved by the Board of Directors at a meeting held on 30 October 2015 and were signed on its behalf by:



Gary Brown  
Director

Jet2.com Limited  
Registered No. 2739537

## NOTES TO THE COMPANY 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 accounting policies which are consistent with those employed in the consolidated accounts.

#### **Investments**

Investments are valued at cost, less amounts written off. The carrying values of investments in subsidiary undertakings are reviewed for impairment if events indicate that the carrying value may not be recoverable.

### 2. INVESTMENTS

	Investments in subsidiary companies £m
<b>Cost:</b>	
At 31 March 2014	-
Additions (note 5)	26.5
<b>At 31 March 2015</b>	<b>26.5</b>
<b>Provision for diminution in value:</b>	
At 31 March 2014 and 31 March 2015	-
<b>Net book value at 31 March 2015</b>	<b>26.5</b>
Net book value at 31 March 2014	-

Details of principal subsidiaries: \* Owned via shareholding in *Jet2holidays* Limited.

Company name	Country	% holding	Class	Number	Activity
Jet2holidays Limited	UK	100	Ordinary	26,500,000	Package holidays
Jet2 Transport Services Limited*	UK	100	Ordinary	2,000	Transport services

### 3. TANGIBLE FIXED ASSETS

	Freehold property £m	Short leasehold property £m	Plant, vehicles and equipment £m	Total £m
<b>Cost:</b>				
At 31 March 2014	2.0	2.1	38.7	42.8
Additions	-	0.3	8.4	8.7
Disposals	-	-	(0.2)	(0.2)
<b>At 31 March 2015</b>	<b>2.0</b>	<b>2.4</b>	<b>46.9</b>	<b>51.3</b>
<b>Depreciation:</b>				
At 31 March 2014	1.4	0.5	21.5	23.4
Charged during the year	-	0.4	5.1	5.5
Disposals	-	-	(0.2)	(0.2)
<b>At 31 March 2015</b>	<b>1.4</b>	<b>0.9</b>	<b>26.4</b>	<b>28.7</b>
<b>Net book value at 31 March 2015</b>	<b>0.6</b>	<b>1.5</b>	<b>20.5</b>	<b>22.6</b>
Net book value at 31 March 2014	0.6	1.6	17.2	19.4

NOTES TO THE COMPANY ACCOUNTS (continued)

4. STOCK

	2015 £m	2014 £m
Goods for re-sale	0.5	0.4
Aircraft parts	20.9	20.2
	<u>21.4</u>	<u>20.6</u>

5. PURCHASE OF SUBSIDIARY UNDERTAKING

*Jet2holidays* Limited was acquired on 31 March 2015, and was accounted for using the acquisition method.

	£m
<b>Net assets acquired (book value and fair value):</b>	
Tangible fixed assets	0.1
Investments	-
Debtors	533.4
Deferred tax	0.1
Cash at bank and in hand	75.3
Creditors	(601.0)
Corporation tax	(1.4)
	<u>6.5</u>
Goodwill	-
	<u>6.5</u>
<b>Fair value of consideration paid:</b>	
Cash	<u>6.5</u>

**Pre-acquisition results of Jet2holidays Limited for the period 1 April 2014 to 31 March 2015:**

	2015 £m	2014 £m
Turnover	617.3	496.2
Operating profit	4.9	14.4
Profit before tax	6.4	14.9
Taxation	(1.4)	(3.3)
Profit after taxation	<u>5.0</u>	<u>11.6</u>

There were no recognised gains or losses other than the pre-acquisition profit for the year of £5.0m (2014: £11.6m).

The post-acquisition profit after taxation of *Jet2holidays* Limited, and therefore its contribution to the consolidated results of *Jet2.com* Limited, was £nil.

Immediately following the acquisition of *Jet2holidays* on 31 March 2015, on this same date, *Jet2.com* Limited purchased an additional £20.0m of ordinary shares in *Jet2holidays* Limited at the nominal value of £1.

NOTES TO THE COMPANY ACCOUNTS (continued)

5. DEBTORS

	2015 £m	2014 £m
Trade debtors	7.2	10.3
Amounts due from parent undertaking	154.9	149.9
Amounts due from group undertakings	147.8	111.6
Other debtors and prepayments	24.6	26.2
	<u>334.5</u>	<u>298.0</u>

Included in amounts due from parent undertaking are maintenance security deposits repayable to the Company of £108.4m (2014: £77.8m).

6. CASH AT BANK AND IN HAND

Included within Cash at bank and in hand is £135.8m (2014: £114.6m) of cash which is: (a) restricted by the Company's merchant acquirers as collateral against a proportion of forward bookings, paid for by credit or debit card, until the respective customers have travelled; and (b) fuel derivative counterparty margin calls.

7. CREDITORS: amounts falling due within one year

	2015 £m	2014 £m
Trade creditors	10.9	10.9
Taxation and social security costs	9.4	9.6
Amounts owed to group undertakings	54.8	34.2
Loans	0.2	0.2
Other creditors and accruals	28.7	34.0
Deferred revenue	353.9	317.6
	<u>457.9</u>	<u>406.5</u>

8. OTHER CREDITORS

	2015 £m	2014 £m
Loans	-	0.1
Deferred revenue	0.4	0.3
	<u>0.4</u>	<u>0.4</u>

NOTES TO THE COMPANY ACCOUNTS (continued)

9. PROVISIONS

	Maintenance		Other		Total	
	2015	2014	2015	2014	2015	2014
	£m	£m	£m	£m	£m	£m
At 31 March	68.7	59.9	0.0	-	68.7	59.9
Provision in the year	70.4	37.8	17.9	-	88.3	37.8
Transfer from creditors	-	-	4.5	-	4.5	-
Utilisation in the period	(34.6)	(29.0)	-	-	(34.6)	(29.0)
At 31 March	104.5	68.7	22.4	-	126.9	68.7

Maintenance provisions relate entirely to aircraft maintenance and the Company's obligation to maintain leased aircraft in accordance with aircraft manufacturers' published maintenance programmes during the lease term, and to ensure that aircraft are returned to the lessor in accordance with its contractual requirements. Other provisions include those in relation to possible passenger compensation claims.

10. DEFERRED TAXATION

	2015	2014
	£m	£m
Deferred taxation arising from:		
Deferred tax asset at start of year	0.6	0.2
Deferred tax (charge) / credit in the year	(0.2)	0.4
Deferred tax asset at end of year	0.4	0.6

There are no unrecognised deferred taxation balances at 31 March 2015 (2014: £nil).

	2015	2014
	£m	£m
Accelerated Capital Allowances	0.3	0.4
Short-term timing differences	0.1	0.2
	0.4	0.6

11. SHARE CAPITAL

	Allotted, called up and fully paid	
	2015	2014
	£m	£m
Ordinary shares of £1 each	0.3	0.3

## NOTES TO THE COMPANY ACCOUNTS (continued)

### 12. RESERVES

	Profit and loss account £m
At 31 March 2014	77.1
Profit for the year	18.5
Dividends paid in the year	-
Reserves movement arising from share-based payment charges	0.1
<b>At 31 March 2015</b>	<b>95.7</b>

### 13. RECONCILIATION OF SHAREHOLDERS' FUNDS

	2015 £m	2014 £m
Profit for the year	18.5	16.1
Dividends paid in the year	-	-
Reserves movement arising from share-based payment charges	0.1	0.2
Net increase in shareholders' funds	18.6	16.3
Opening shareholders' funds	77.4	61.1
<b>Closing shareholders' funds</b>	<b>96.0</b>	<b>77.4</b>

Details of the employee share schemes operated by Dart Group PLC are disclosed in note 23 of its 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 £0.1m (2014: £0.2m).

### 14. CONTINGENT LIABILITIES

Various guarantees have been issued in the ordinary course of business, none of which are expected to lead to a financial gain or loss.

### 15. OTHER FINANCIAL COMMITMENTS

At 31 March 2015 the Company had annual commitments under non-cancellable operating leases as set out below:

	2015 Land and Buildings £m	2015 Plant and Machinery £m	2014 Land and Buildings £m	2014 Plant and Machinery £m
Operating leases which expire:				
- within one year	0.2	-	0.1	1.1
- within two to five years	0.1	45.2	0.4	42.3
- over five years	0.6	4.9	0.6	1.3
	<b>0.9</b>	<b>50.1</b>	<b>1.1</b>	<b>44.7</b>

**NOTES TO THE COMPANY ACCOUNTS (continued)**

**16. RELATED PARTY TRANSACTIONS**

The Company has utilised the exemption under Financial Reporting Standard No. 8 as a subsidiary undertaking not to disclose transactions with other Dart Group PLC entities that are wholly owned by a member of the Group.

**18. ULTIMATE PARENT UNDERTAKING**

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

## GLOSSARY OF TERMS

<b>ATOL</b>	Air Travel Organisers' Licensing.
<b>Average Package Holiday Price</b>	Total package holiday revenue, excluding Non-ticket Revenue, in a period, divided by the number of package holiday customers departing in that period.
<b>Capacity</b>	See Sector Seats Available below.
<b>Passenger Sectors Flown</b>	Number of passengers flown on a single leg journey. Passengers flown comprises seats sold (including no-shows), seats for promotional purposes and seats provided to staff for business travel.
<b>Load Factor</b>	The percentage relationship of Passenger Sectors Flown to Sector Seats Available.
<b>Net Ticket Yield</b>	Total airline ticket revenue, excluding taxes, divided by number of Passenger Sectors Flown.
<b>Non-ticket Revenue</b>	All non-ticket revenue, including hold baggage charges, advanced seat assignment fees, extra leg room fees, in-flight sales and commissions earned on car hire and insurance bookings.
<b>Sector</b>	A single leg flight journey.
<b>Sector Seats Available</b>	Total number of seats available according to the Leisure Travel scheduled flying programme (also known as Capacity).