

***Jet2.com* Limited**

Report and Accounts

For the year ended 31 March 2018

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DIRECTORS AND OTHER INFORMATION

DIRECTORS

Philip Meeson	Executive Chairman	
Stephen Heapy	Chief Executive Officer	
Gary Brown	Chief Financial Officer	
Philip Ward	Managing Director	
Richard Chambers	Human Resources Director	
Ian Day	Legal Director	
Paul Dobson	Director - Flight Operations	
Ian Doubtfire	Business Development Director	
Ian Du Cros	Director - Mail & Cargo	Resigned 31 May 2017
Gavin Forth	Marketing Director	Appointed 1 February 2018
Stephen Guy	Procurement Director	
Christopher Hubbard	Director of Engineering & Maintenance	
Gary Isaacs	Chief Information Officer	
Stephen Lee	Commercial Director	
Andrew Menzies	Technical Director	
Adam Mulroy	Revenue Director	Appointed 1 February 2018
Steve Szalay	Ground Operations Director	Resigned 23 July 2018

SECRETARY AND REGISTERED OFFICE

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

AUDITOR

KPMG LLP
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BANKERS

Barclays Bank plc
1 Park Row
Leeds
LS1 5WU

HSBC Bank plc
4th Floor City Point
29 King Street
Leeds
LS1 2HL

Lloyds Bank plc
2nd Floor Lisbon House
116 Wellington Street
Leeds
LS1 4LT

SOLICITORS

Herbert Smith Freehills LLP
Exchange House
Primrose Street
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Bird & Bird LLP
12 New Fetter Lane
12 New Fetter Lane
London
EC4A 1JP

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

STRATEGIC REPORT

THE BUSINESS

We take people on holiday! Our UK Leisure Travel business specialises in the provision of scheduled holiday flights by our award-winning leisure airline, **Jet2.com**, and ATOL^(*) licensed package holidays by our acclaimed tour operator, **Jet2holidays**, to destinations in the Mediterranean, the Canary Islands and to European Leisure Cities.

Jet2.com Limited (the "Company") is the parent of **Jet2holidays** Limited and together form one single "Leisure Travel" business. The Company is a subsidiary of Dart Group PLC, which is fully committed to the continued growth and development of its Leisure Travel business.

Whether taking a holiday flight with **Jet2.com**, or **Real Package Holidays™** with **Jet2holidays**, we recognise that this is one of the most important family experiences of the year. We therefore do our very best to ensure each of our customers **"has a lovely holiday"** that can be both eagerly anticipated and fondly remembered, supported by our core principles of being family friendly, offering value for money and giving great customer service.

We know that a great holiday experience, which creates wonderful memories, engenders loyalty and repeat bookings for our **Real Package Holidays™**, to which we can add value through innovation and customer service. We continually strive to improve our customers' choice, experience and enjoyment and believe that sustained investment in our products, brands and customer service excellence, plus the consistent delivery of an attractive holiday experience, gives us the greatest opportunity to retain and attract new customers – the key to continuing profitable growth.

In the past year we have expanded our hotel portfolio to over 3,400 hotels (summer 2017: over 2,900 hotels), often placing substantial deposits to secure dependable and competitive room offerings in the most attractive properties. Encompassing a wide range of great value 2 to 5-star accommodation, catering for the young, not so young and families alike, many have adjacent waterparks and other great attractions included in the package, adding to the overall holiday experience.

Our market leading **Resort Flight Check-In®** service, which allows **Jet2holidays'** customers to check-in their bags at their hotel before going to the airport for their flight home, continues to be extremely popular. As a result, we have expanded the service to over 250 hotels for summer 2018 (summer 2017: over 180 hotels) in 9 key holiday destinations – Alicante; Fuerteventura; Gran Canaria; Lanzarote; Larnaca; Majorca; Malaga; Paphos; and Tenerife.

Jet2Villas, our new ATOL protected **Jet2.com** flight + car + villa package was launched in June 2017 and offers a range of over 1,600 self-catering villas, many with a private pool, in more than 30 European beach destinations, all at very competitive prices and for just a £60 per person deposit! **Jet2CityBreaks**, which offers a packaged flight + hotel in attractive European Leisure Cities also continues to grow profitably at a very encouraging rate.

And, in summer 2018, over 600 customer helpers will be employed in resorts to look after our customers, backed up by 24-hour helplines to give practical assistance in all eventualities. Together with our airport-to-hotel transfer services, everything is organised to make our customers' holidays easy and carefree.

For those passengers who have arranged their own accommodation, our flights offer competitive fares, convenient flight times, allocated seating and a 22kg baggage allowance. At check-in, we aim to deliver a speedy and friendly service, with customer helpers on hand to assist. We carefully control the quality of the flight experience, with passengers travelling on **Jet2.com** operated aircraft with our cabin crew and pilots intent on ensuring that the holiday starts and finishes with a relaxed and pleasant flight.

In summer 2017, **Jet2.com** operated 75 aircraft (summer 2016: 64) and we were very pleased to be recognised as the Top UK Airline for Punctuality of flights running on time over the previous 12 months, by the world's leading travel intelligence company OAG. We have continued to develop our customer-focused flying programme into summer 2018 where the aircraft fleet has increased to 90, with a commensurate increase in pilots, engineers and cabin crew.

STRATEGIC REPORT (continued)

The delivery of consistently great service is very much at the heart of **Jet2.com** and **Jet2holidays** brand values and to underpin this, we enthusiastically promote a company-wide engagement programme called 'Take Me There', ensuring every colleague in the business has received training on the importance of delivering service excellence at each point in our customers' journey. We are therefore very pleased to have been recognised in the latest UK Customer Satisfaction Index published by the Institute of Customer Service, as the highest ranked airline and package tour operator for customer service and by **TripAdvisor** as the only UK and European airline ranked in the Top 10 Airlines in the World.

Jet2holidays has now grown to be the UK's second largest ATOL licensed package holidays tour operator. Whilst our flight-only product remains very important, we believe our expanding package holiday business has tremendous potential. Consistently organising high quality, enjoyable, dependable and memorable holidays for our customers and delighting them from start to finish, engenders brand loyalty and repeat bookings. This, together with sustained investment in product and service, leads us to believe we have a great future in the UK Leisure Travel marketplace.

We are very pleased that the financial year ending 31 March 2019 sees the start of our Discretionary Colleague Profit Sharing Scheme, to reward those colleagues who do not already participate in performance related bonus or commission schemes and who have been employed for at least 12 months at each financial year end. The profit share will be calculated at the rate of 5% of profit before taxation, excluding foreign currency revaluations and other exceptional items, for the Leisure Travel business, as reported in the Dart Group PLC Annual Report & Accounts. We are delighted to be sharing our success with our wonderful colleagues!

() ATOL, which is managed by the Civil Aviation Authority ('CAA'), is a statutory licensing scheme which also provides financial protection to consumers of licensable air travel. As a licensing scheme it ensures that only businesses regarded as financially robust and fit can sell licensable travel, and as a financial protection scheme it ensures that if an ATOL holder fails, affected consumers are either repatriated or receive a replacement holiday or a refund.*

RESULTS AND DIVIDENDS

The results for the year are set out in the Consolidated Income Statement and show a profit after taxation of £88.5m (2017: £75.1m). No dividend was paid in the year (2017: £nil.)

The increased profits reflect the continuing strong demand for our Leisure Travel products - holiday flights with our leading leisure airline **Jet2.com** and package holidays with our ATOL protected tour operator **Jet2holidays**. Our important flight-only product was enjoyed by 5.37m passengers in the year (2017: 3.64m), a growth of 48%, whilst demand for our **Real Package Holidays™** continues to grow, as **Jet2holidays** took 2.50m customers on package holidays (2017: 1.73m), an increase of 45%.

During the year, **Jet2.com** flew a total of 10.38m flight-only and package holiday passengers (one-way passenger sectors) (2017: 7.10m), primarily to and from sun, city and ski destinations, an increase of 46%. Average load factors, including from our popular new operating bases at Birmingham and London Stansted airports, increased to 92.2% (2017: 91.5%). Our customer volumes allow us to serve many destinations daily and others several times a week during the spring, summer and autumn months, enabling us to offer a great choice of variable duration holidays at affordable prices.

Average net ticket price per passenger reduced by 15% to £73.65 (2017: £86.65) as a challenging first half of the year gave way to a more normalised pricing environment in the second half. The average load factor increased to 92.2% (2017: 91.5%), a particularly encouraging performance given this included the first year of operation from our two new bases.

The percentage of customers taking shorter duration package holidays increased during the year, whilst the percentage taking all-inclusive holidays at 41% and higher value 4 and 5-star packages at 54% has remained consistent. The cost of acquiring hotel rooms increased, primarily because of the stronger Euro which directly impacted package holiday price. Some of this cost increase was absorbed by the business to drive increased package holiday customer volumes and to drive market share. The overall average price of a package holiday increased to £633 (2017: £617).

STRATEGIC REPORT (continued)

Non-ticket retail revenue per passenger increased by 1% to £33.25 (2017: £33.01). This revenue stream, which is primarily discretionary in nature, continues to be optimised through our customer contact programme as we focus on both Pre-departure and In-flight sales.

As a result, revenue grew by 42% to £2,223.2m (2017: £1,565.8m).

The **Real Package Holidays™** experience allows greater value to be added through product innovation and service at each point in the customer's journey. We recognise that investing for the long-term success of the business, leading the market in differentiating our product and pleasing the customer from start to finish, lends itself to customer brand loyalty and therefore a better quality of recurring revenue and profitability.

Our market leading **Resort Flight Check-In®** service, which allows customers to check-in their baggage for their return flight at their hotel and enjoy a hassle and bag free final day in resort, is extremely attractive. As a result, this service has been expanded to over 250 hotels in 9 key holiday destinations for summer 2018 (summer 2017: 180 hotels). Our **Jet2Villas** product, launched in June 2017 is also proving popular, offering the freedom of a great value **Jet2.com** flight + car + villa holiday wrapped up in one ATOL protected package and has been expanded to over 1,600 villas in more than 30 destinations for summer 2018. We also took the opportunity to set up our own aircraft self-handling operations at East Midlands, Birmingham and London Stansted airports, to improve on-time performance and customer service.

This incremental investment, together with the pre-summer 2018 costs required to support the ongoing growth in the flying programme, led to an increase in second-half losses, resulting in the overall operating profit for the year increasing by 11% to £106.6m (2017: £96.4m).

For many families, booking a holiday is the most important purchase of the year and we recognise that every customer has different aspirations and needs. Our booking channels reflect this, as close to 60% of our package holidays are sold online via **Jet2holidays.com**, whilst 97% of our flight-only seats are booked directly on the **Jet2.com** website.

Investment in, and development of, digital strategy is integral to the business. Its capability helps to build customer loyalty, drive revenue growth and deliver greater customer satisfaction. Increasing numbers of customers make online bookings through mobile platforms as functionality and accessibility improve and the development of our websites and apps continue to deliver efficiencies as customers find it easier to search for, and ultimately book, holiday flights and package holidays. Additionally, we continue to build on the strong foundation of our existing Customer Relationship Management programme and are working to increasingly deliver personalised communications to customers to strengthen our already strong relationships with them.

We also recognise that personal interaction is important for many customers when making such an important purchase, to ensure their individual needs are catered for. Currently 17% (or approximately 400,000) of our package holiday customers book through our customer contact centres in Leeds, Manchester and Palma, Majorca, which employ over 500 sales and customer service advisers. Approximately a quarter of our package holiday sales come through independent travel agents, who are considered very valuable and important distribution partners for the business.

OUTLOOK

Looking forward, we will continue to innovate and differentiate our product supported by a broad, imaginative marketing strategy and underpinned by great customer service, to ensure that **Jet2** is always front of mind when a customer considers booking a holiday.

STRATEGIC REPORT (continued)

OUTLOOK (continued)

Looking further ahead, emerging cost pressures coupled with the overall uncertain UK economic outlook, particularly related to Brexit and how it may impact on consumer spending, means we remain unclear how demand will develop in the medium term.

For the long term however, our strategy remains consistent - to grow both our flight-only and package holiday products. **Real Package Holidays™** take considerable organisation and attention to detail and are not easily replicated by non-specialists. The business dedicates significant resources to deliver an innovative and industry leading product and together with our scale, experience, competitiveness and customer focused approach, we believe we have a strong and resilient business.

Key Performance Indicators	2018	2017	Change
Number of routes operated during the year	306	235	30%
Leisure Travel sector seats available (capacity)	11.27m	7.76m	45%
Leisure Travel passenger sectors flown	10.38m	7.10m	46%
Leisure Travel load factor	92.2%	91.5%	0.7 pts
Flight-only passenger sectors flown	5.37m	3.64m	48%
Package holiday passenger sectors flown	5.01m	3.46m	45%
Package holiday customers	2.50m	1.73m	45%
Net ticket yield per passenger sector (excl. taxes)	£73.65	£86.65	(15%)
Average package holiday price	£633	£617	3%
Non-ticket revenue per passenger sector	£33.25	£33.01	1%
Average hedged price of fuel (per tonne)	\$516	\$467	10%
Fuel requirement hedged – next 12 months	90%	97%	(7.0 pts)
Advance sales made as at 31 March	£1,455.7m	£1,078.0m	35%

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

Our 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 our operation, escalated via regular internal safety action groups and steering committees.

Compliant and effective Safety Management System oversight is provided by the appropriate use of occurrence report investigations, flight data management, safety risk management, health and safety and aviation security inspections, together with compliance & assurance audits across our operations.

All airline safety and security matters are managed by our Safety, Compliance and Security Group, which reports directly to the Accountable Manager (the Managing Director of Jet2.com Limited) and the Safety Review Board. The Board meets quarterly, monitors trends and identifies any areas of safety risk that require closer attention.

STRATEGIC REPORT (continued)

Safety and security (continued)

Jet2holidays' commitment to customer safety is monitored through the delivery and regular review of the package holiday safety management system. The assessment of health and safety risks in the hotels we feature, as well as the other holiday components we package, is part of our normal package holiday business routines; this is reflected in our package holiday business processes and procedures.

Supplier compliance is reviewed prior to any hotel being occupied by a customer and a compliance programme is in place for all featured hotels, including auditing and ongoing reviews of the safety of the programme. The recruitment of Overseas Risk & Safety Managers has proven to be effective in providing both a rapid response to emerging risks and a support and advice resource for suppliers on safety related issues.

A Risk and Safety Steering Committee, chaired by the Chief Executive Officer of *Jet2holidays*, meets monthly to oversee the delivery of the safety strategy and to discuss any specific risks which have been identified during the compliance process. The Committee also recommends the health and safety strategy implemented by the Board.

Competition

The business operates in competition with tour operators, on-line travel agents and low-cost airlines and changes to capacity and pricing can have an adverse financial impact.

The business will continue to focus on its core principles, which are: to be family friendly; to offer value for money; and to give great customer service. It will also continue to focus on customer driven scheduling of flights on routes to popular leisure destinations in order to maximise 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.

We continue to work alongside and invest in relationships with selected hoteliers to secure dependable and competitive room offerings that meet our customers' requirements. The development of digital strategy is integral to the business. Its capability helps to build customer loyalty, drive revenue growth and deliver greater customer satisfaction. Increasing numbers of customers make online bookings through mobile platforms as functionality and accessibility improve and the development of our websites and apps continue to deliver efficiencies as customers find it easier to search for, and ultimately book, holiday flights and package holidays.

We also continue to differentiate our business through innovative product development and the provision and expansion of added value services, such as our **Resort Flight Check-In®** service.

IT system dependency and information security

The business is reliant on a number of key IT systems and processes, their scalability and ongoing development. The loss of access to these systems, or the *Jet2.com* and *Jet2holidays* websites may result in significant disruption to operations and could adversely impact the business's reputation and financial performance.

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, reputational and/or financial impact.

To mitigate these risks and to ensure any potential loss of functionality is minimised, the business regularly tests failover of key systems between geographically dispersed data centres and has recently introduced a 24 / 7 onsite IT Operations function. The business uses leading web application protection and denial of service protection services.

The business carries out regular, comprehensive, internal and external vulnerability scanning and penetration testing using accredited third parties. It also continues to strengthen its cyber threat mitigation through a process of repeated testing, hardening and education. This ensures that the business has in place systems, controls and processes current and appropriate to the ever evolving external and internal security threats. The business is PCI DSS compliant.

In preparation for the General Data Protection Regulation, the business carried out a complete review of all information systems, data feeds and suppliers to ensure appropriate technical and organisational measures are in place.

STRATEGIC REPORT (continued)

Input cost volatility

The business incurs considerable operational costs which are euro and US dollar denominated and can be exposed to sudden movements in exchange rates. The cost of fuel is a material element of the cost base of the business and the effective management of aviation fuel price volatility remains important.

The business's strategy is to manage foreign exchange rate and fuel price risk via forward currency contracts and aviation fuel swaps with approved counterparties.

Further information on hedging, the business's key mitigation to input cost volatility risk, and details of the business's Hedge Policy, is contained within note 21 to the consolidated financial statements.

Economic conditions

Whilst we believe 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 Company's services.

The business will continue to provide scheduled holiday flights by its airline, **Jet2.com**, and ATOL licensed package holidays by its tour operator, **Jet2holidays**, to leisure destinations in the Mediterranean, the Canary Islands and to European Leisure Cities.

The business has built a strong brand and reputation for providing **Package Holidays you can trust®**. Sustained investment in its products, brands and customer service excellence, plus the consistent delivery of an attractive holiday experience, gives the business the greatest opportunity to retain and attract new customers – the key to continuing profitable growth.

Government policy and regulatory intervention

The leisure travel industry is heavily regulated. 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 our cost base.

The business will maintain its focus on delivering a great value package holiday product, the careful management of its route network and on-time performance. The business will also continue to engage with policy setters and regulators to encourage legislation that is fit for purpose and to ensure full awareness of proposed future changes.

Environmental risks

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 these risks by regularly updating a carefully planned response to be implemented by a team of experts should there be significant disruption to our leisure travel activities. In addition, our commercial centre in Leeds gives us the ability to run our business from more than one site, which supports business continuity planning.

The business has a dedicated emergency response facility from which our response to serious operational incidents can be managed and performs regular emergency management exercises. We have automated systems to support the activation of our emergency response team enabling us to respond promptly to incidents, deploy appropriate solutions and thereby mitigate the impact on our customers and limit any potential interruption to our business.

The business also maintains prudent levels of liquid funds to enable the business to continue to operate through a period of sustained disruption.

STRATEGIC REPORT (continued)

Recruitment and retention of talent

The current and future success of the business is reliant on the recruitment and retention of the right people with the right capabilities. Inability to recruit and retain key personnel may impact adversely on the business's ability to deliver its strategic objectives.

The business prepares and executes role specific seasonal recruitment campaigns to recruit and train the resources required to deliver our operational plan. The business also operates a defined leadership framework, which enables the business to identify those colleagues who have the potential to develop into leadership roles and supports the succession planning process.

Brexit

Brexit risk reflects the potential impact of the UK's decision to leave the EU on the business's operations and financial position.

Brexit is the subject of negotiation between the UK Government and the EU and the full implications for the business remain unclear. The following points are deemed to be of continuing importance for the business:

- the continuation of the 3rd and 4th freedom flying rights (ability to carry passengers from one's own country to another, and from another country back to one's own) through the UK's continued membership of the European Common Aviation Area or through a separate Air Transport Agreement;
- the impact of Sterling volatility during this period of political uncertainty, and the close management of the business's hedging policy to mitigate this;
- the question of visa-free (and ETIAS charge-free) travel between the UK and the EU;
- the understanding of the implication of possible taxation and border changes; and
- the question of the UK business's access to European employment markets.

The Directors continue to closely monitor negotiations between the UK Government and the European Commission, reviewing the latest political developments, attending relevant briefing meetings and workshops and engaging in discussions with the Department for Transport, the Department for Exiting the European Union, the UK Civil Aviation Authority - our regulator, and trade associations.



Philip Mason
Executive Chairman

6 September 2018

DIRECTORS' REPORT

The Directors present their report and accounts for the year ended 31 March 2018.

DIRECTORS AND THEIR INTERESTS

The details of Directors, who held office during the year and after the year end, are those listed on page 2.

None of the Directors who held office at the year end had any interest in the ordinary share capital of the Company. 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

The Directors have prepared financial forecasts for the **Jet2.com** group, comprising profit before and after taxation, balance sheets and cash flows through to 31 March 2021.

For the purpose of assessing the appropriateness of the preparation of these consolidated **Jet2.com** accounts on a going concern basis, the Directors have considered the current cash position, the availability of banking facilities, and sensitised forecasts of future trading through to 31 March 2021, including performance against the financial covenants of Dart Group PLC and the assessment of principal areas of risk and uncertainty.

Having considered the points above, the Directors have a reasonable expectation that the business will have adequate resources to continue in operational existence for the foreseeable future. Consequently, they continue to adopt the going concern basis in preparing the financial statements for the year ended 31 March 2018.

LEARNING AND DEVELOPMENT

All **Jet2.com** and **Jet2holidays** colleagues take part in a two-day induction to the business, which incorporates our Take Me There values. These values are intrinsic to the success of the business and the engagement of its colleagues and customers.

The business recognises the need to provide regular development for colleagues and managers to ensure committed and skilled talent continue to support our operations. A blended learning approach has been adopted by the business for all colleagues, including our Ground Operations colleagues and Customer Helpers. This approach includes face-to-face training, eLearning, the provision of 'How To' guides, and opportunities to contribute to commercial projects, all alongside a Management Development Programme ("MDP"). People managers across all areas of the business benefit from the MDP, which includes a number of modules designed to be delivered over a period of time, to support continuous development in the role. The programme links to the Take Me There values and the business's Leadership Framework.

COLLEAGUE COMMUNICATION & RECOGNITION

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.

As the business grows, it is increasingly important that colleagues communicate well and that everyone works together as one team. Senior Management must have an appreciation of 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. An Information and Consultation Agreement and Protocol, consisting of five separate agreements, covers every UK-based colleague. The agreements set out how **Jet2.com** and **Jet2holidays** inform and consult with colleagues as well as how each group works in practice, including how representatives are elected. Representatives are actively encouraged to speak up and challenge; as a result, their views and ideas have already contributed to organisational change. Senior Managers and Directors, including the Executive Chairman and Chief Executive Officer of Dart Group PLC, regularly attend meetings.

DIRECTORS' REPORT (continued)

COLLEAGUE COMMUNICATION & RECOGNITION (continued)

The business has an in-house recognition and reward scheme called **A Great Deal Friendlier**. This scheme recognises individuals and teams who have provided excellent customer service and those who have gone the extra mile for internal or external customers. Nomination volumes continue to grow, with colleagues nominating individuals and teams from across all business areas for their excellent customer service approach. **A Great Deal Friendlier** underpins the Company's Take Me There values.

EQUALITY AND DIVERSITY

The business is committed to promoting diversity and ensuring equality of opportunity for all within the workplace, regardless of age, disability, marital or civil partnership status, pregnancy, race, religion or belief, gender or sexual orientation. 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.

MODERN SLAVERY ACT

The Modern Slavery Act requires the Company to publish an annual slavery and human trafficking statement. The latest statement can be found on the Company's website. Neither the Company nor any of its subsidiaries permit, condone or otherwise accept any form of human trafficking or slavery in its business or supply chains and is committed to doing what it can to combat these practices.

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.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law they have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS as adopted by the EU) and applicable law and have elected to prepare the Parent Company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

DIRECTORS' REPORT (continued)

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;
- for the Group financial statements, state whether they have been prepared in accordance with IFRS as adopted by the EU;
- for the Parent Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures being disclosed and explained in the financial statements;
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and 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 are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

By order of the Board



Gary Brown
Chief Financial Officer
Jet2.com Limited
Registered No. 02739537

6 September 2018

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

Opinion

We have audited the financial statements of **Jet2.com** Limited ("the Company") for the year ended 31 March 2018 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity, Parent Company Balance Sheet, Parent Company Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2018 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with UK Accounting Standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic Report and Directors' Report

The Directors are responsible for the Strategic Report and the Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on pages 11 and 12, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

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 September 2018

CONSOLIDATED INCOME STATEMENT

for the year ended 31 March 2018

	Note	2018 £m	2017 £m
REVENUE		2,223.2	1,565.8
Net operating expenses	5	(2,116.6)	(1,469.4)
OPERATING PROFIT	6	106.6	96.4
Finance income		4.7	2.9
Net FX revaluation losses		(1.2)	(5.7)
Net financing income / (expense)	8	3.5	(2.8)
PROFIT BEFORE TAXATION		110.1	93.6
Taxation	9	(21.6)	(18.5)
PROFIT FOR THE FINANCIAL YEAR <i>all attributable to equity shareholders of the parent</i>		88.5	75.1

The notes on pages 19 to 35 form an integral part of these financial statements.

The results for the current and prior years all relate to continuing activities.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2018

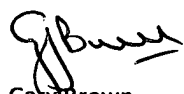
	2018 £m	2017 £m
Profit for the year	88.5	75.1
Other comprehensive (expense) / income		
Cash flow hedges:		
Fair value gains in year	48.7	37.6
Add back (gains) / losses transferred to income statement in year	(59.3)	15.0
Related taxation credit / (charge)	2.0	(10.0)
Other comprehensive (expense) / income for the period, net of taxation	(8.6)	42.6
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD <i>all attributable to equity shareholders of the parent</i>	79.9	117.7

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 March 2018

	Note	2018 £m	2017 £m
NON-CURRENT ASSETS			
Property, plant and equipment	10	93.3	79.8
Derivative financial instruments	21	21.6	9.3
		114.9	89.1
CURRENT ASSETS			
Inventories	11	1.2	0.7
Trade and other receivables	12	1,294.5	989.7
Derivative financial instruments	21	64.3	74.6
Money market deposits	13	170.2	135.1
Cash and cash equivalents	13	579.1	456.6
		2,109.3	1,656.7
TOTAL ASSETS		2,224.2	1,745.8
CURRENT LIABILITIES			
Trade and other payables	14	(158.4)	(129.8)
Deferred revenue		(1,450.6)	(1,076.3)
Borrowings	21	(1.0)	(31.9)
Provisions	15	(197.4)	(184.7)
Derivative financial instruments	21	(40.7)	(15.2)
		(1,848.1)	(1,437.9)
NON-CURRENT LIABILITIES			
Deferred revenue		(5.1)	(1.7)
Derivative financial instruments	21	(7.7)	(20.6)
Deferred taxation	9	(6.5)	(8.8)
		(19.3)	(31.1)
TOTAL LIABILITIES		(1,867.4)	(1,469.0)
NET ASSETS		356.8	276.8
SHAREHOLDER'S EQUITY			
Share capital	16	0.3	0.3
Cash flow hedging reserve	16	30.4	39.0
Retained earnings		326.1	237.5
TOTAL SHAREHOLDER'S EQUITY		356.8	276.8

The accounts were approved by the Board of Directors at a meeting held on 6 September 2018 and were signed on its behalf by:



Gary Brown
Director

Jet2.com Limited

Registered No. 02739537

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2018

	Note	2018 £m	2017 £m
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit before taxation		110.1	93.6
Finance income	8	(4.7)	(2.9)
Net FX revaluation losses	8	1.2	5.7
Depreciation	10	17.5	12.8
Equity settled share based payments	17	0.1	0.1
OPERATING CASH FLOWS BEFORE MOVEMENTS IN WORKING CAPITAL		124.2	109.3
Increase in inventories		(0.5)	(0.1)
Increase in trade and other receivables		(305.2)	(286.7)
Increase in trade and other payables		35.2	22.8
Increase in deferred revenue		377.7	310.5
Increase in provisions		14.3	45.5
CASH GENERATED FROM OPERATIONS		245.7	201.3
Interest received		4.7	2.9
Income taxes paid		(28.2)	(24.1)
NET CASH FROM OPERATING ACTIVITIES		222.2	180.1
CASH FLOWS USED IN INVESTING ACTIVITIES			
Purchase of property, plant and equipment	10	(31.1)	(44.8)
Proceeds from sale of property, plant and equipment		0.1	-
Net increase in money market deposits	13	(35.1)	(85.1)
NET CASH USED IN INVESTING ACTIVITIES		(66.1)	(129.9)
CASH (USED IN) / FROM FINANCING ACTIVITIES			
New loans advanced		-	26.5
Repayment of borrowings		(31.9)	-
NET CASH (USED IN) / FROM FINANCING ACTIVITIES		(31.9)	26.5
Effect of foreign exchange rate changes		(1.7)	2.9
NET INCREASE IN CASH IN THE YEAR		122.5	79.6
Cash and cash equivalents at beginning of year		456.6	377.0
CASH AND CASH EQUIVALENTS AT END OF YEAR		579.1	456.6

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2018

	Share capital	Cash flow hedging reserve	Retained earnings	Total shareholder's equity
	£m	£m	£m	£m
Balance at 31 March 2016	0.3	(3.6)	162.3	159.0
Total comprehensive income for the year	-	42.6	75.1	117.7
Dividends declared	-	-	0.1	0.1
Balance at 31 March 2017	0.3	39.0	237.5	276.8
Total comprehensive income for the year	-	(8.6)	88.5	79.9
Share based payments	-	-	0.1	0.1
Balance at 31 March 2018	0.3	30.4	326.1	356.8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Jet2.com Limited (the "Company") is a company incorporated and domiciled in England and Wales and the financial statements of the Company are presented as required by the Companies Act 2006.

These group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The Parent Company financial statements present information about the Company as a separate entity and not about the Group.

Basis of preparation

The consolidated financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU ("Adopted IFRS"). The Company has elected to prepare its Parent Company financial statements in accordance with FRS 101 *Reduced Disclosure Framework*; these statements are presented on pages 36 to 42.

The financial statements of both the Group and the Parent Company are presented in pounds sterling and all values are rounded to the nearest £100,000, except where indicated otherwise.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements.

The financial statements have been prepared under the historical cost convention except for all derivative financial instruments that have been measured at fair value.

The Group uses forward foreign currency contracts and aviation fuel swaps to hedge exposure to foreign exchange rates and aviation fuel price volatility. The Group also uses forward EU Allowance contracts and forward Certified Emissions Reduction contracts to hedge exposure to Carbon Emissions Allowance price volatility.

Going concern

The Directors have prepared financial forecasts for the **Jet2.com** group, comprising profit before and after taxation, balance sheets and cash flows through to 31 March 2021.

For the purpose of assessing the appropriateness of the preparation of the Group's accounts on a going concern basis, the Directors have considered the current cash position, the availability of banking facilities, and sensitised forecasts of future trading through to 31 March 2021, including performance against the financial covenants of Dart Group PLC and the assessment of principal areas of uncertainty and risk.

Having considered the points above, the Directors have a reasonable expectation that the Company and the Group as a whole have adequate resources to continue in operational existence for the foreseeable future. Consequently, they continue to adopt the going concern basis in preparing the financial statements for the year ended 31 March 2018.

Basis of consolidation

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

Revenue

Revenue (which excludes Value Added Tax and Air Passenger Duty) arises from package holidays, passenger aircraft operations, charter aircraft operations, and non-ticket retail activities.

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, extra legroom charges and in-flight retail 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 Group's services are expected to be performed more than twelve months from the reporting date.

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 recognised in the Consolidated Income Statement as "Net FX revaluation" gains or losses. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are held at the exchange rate at the date of the transaction. The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Investments

Investments are recorded at cost, less provision for impairment in value where appropriate.

Property, plant & equipment

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 asset's estimated residual value using the straight-line method over its estimated useful economic life as follows:

Freehold property	25 - 30 years
Short leasehold property	Over the life of the lease
Aircraft related assets	2 - 30 years
Plant, vehicles and equipment	3 - 7 years

Inventories

Inventories are accounted for on a FIFO basis and stated at the lower of cost and net realisable value. Net realisable value is the estimated resale value.

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, other leasing companies owned by 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 *IAS 37 Provisions, contingent assets and liabilities* in Provisions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

The business pays a monthly security deposit to Dart Group PLC, and other leasing companies owned by Dart Group PLC, based on a monthly usage calculation. The deposit is refunded to **Jet2.com** once the maintenance activity has been completed, and paid for. Accordingly, these deposits are classified as amounts due from parent undertaking and amounts due from group undertakings within Trade and Other Receivables (see note 12).

The monthly security deposit payment is set at a level which is estimated to cover the cost of future maintenance events when they occur.

Other provisions

Further details on the nature and calculation of other provisions are provided within note 2 below.

Short-term maintenance

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

Cash and cash equivalents

Cash and cash equivalents includes short-term deposits maturing within three months of placement and restricted cash paid over to various counterparties as collateral against relevant exposures.

Money market deposits

Money market deposits comprise deposits with a maturity of more than three months at the point of placement and are accounted for within the loans and receivables category of financial assets under International Accounting Standard ("IAS") 39.

Financial instruments

Trade and other receivables and payables

Trade and other receivables and payables are recognised at fair value and, where applicable, subsequently measured at amortised cost based on their respective effective interest rate.

Interest bearing loans and borrowings

All loans and borrowings are initially recorded at fair value less any directly attributable transaction costs. The loans and borrowings are, where applicable, subsequently measured at amortised cost using the effective interest rate method.

Derivative financial instruments and hedging

The business uses forward foreign currency contracts and aviation fuel swaps to hedge its exposure to foreign exchange rates and aviation fuel price volatility. It also uses forward EU Allowance contracts and forward Certified Emissions Reduction contracts to hedge exposure to Carbon Emissions Allowance price volatility. Such derivative financial instruments are stated at fair value.

Where a derivative financial instrument is designated as a hedge of a highly probable forecast transaction, the effective portion of the gain or loss on the hedging instrument from the inception of the hedging relationship is recognised directly in the cash flow hedging reserve within equity. Any ineffective portion is recognised within the Consolidated Income Statement.

For all other cash flow hedges, the recycling of the cash flow hedge is taken to the Consolidated Income Statement in the same period in which the hedged transaction begins to affect profit or loss.

Operating leases

Rental charges on operating leases are charged to the Consolidated Income Statement on a straight-line basis over the life of the lease.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the time period when economic benefits from the leased assets are consumed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

Finance income

Interest income is recognised in the Consolidated Income Statement in the period in which it is earned.

Taxation

Taxation on the profit or loss for the year comprises current and deferred taxation. Tax is recognised in the Consolidated Income Statement or the Statement of Comprehensive Income, except to the extent that it relates to items recognised directly in equity, in which case the tax is recognised in equity. Current taxation is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to taxation payable in respect of previous years.

Deferred taxation is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred taxation asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Employee benefits

Defined contribution plans

All Group pensions are provided from the proceeds of money purchase schemes. The charge to the income statement represents the payments due during the year.

2. ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Group's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Such estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is changed and in future periods if applicable.

Critical judgements in applying accounting policies

The Directors have identified no critical judgements, apart from those involving estimates, made in the application of the Group's accounting policies that would have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The following are the key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Provisions

A charge is made in the Consolidated Income Statement, based on hours or cycles flown, to provide for the cost of the Group's obligation to maintain leased aircraft in accordance with the aircraft manufacturer's published maintenance programmes. Estimates are required in relation to the likely utilisation of the leased aircraft and the expected cost of maintenance events at the time they are expected to occur.

Accounting for other provisions also requires estimates to be made in relation to historical flight delays under Regulation (EC) No 261/2004 and possible customer compensation claims that cannot be reclaimed from hotels.

The bases of all estimates are reviewed no less frequently than annually, or when information becomes available that is capable of causing a material change to an estimate. Further details of the provisions held by the Group at 31 March 2018 can be found in note 15.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. NEW IFRS AND AMENDMENTS TO IAS AND INTERPRETATIONS

The International Accounting Standards Board ("IASB") has issued the following standards and interpretations, with an effective date after the date of these financial statements. The Group continues to evaluate the potential impact of their adoption as described below.

International Financial Reporting Standards	Applying to accounting periods beginning after
IFRS 15 Revenue from Contracts with Customers	January 2018

The Group will adopt IFRS 15 in its financial statements for the year ending 31 March 2019 and will apply the fully retrospective transition method, with the comparative year and opening net assets (as at 1 April 2017) restated. This new standard supersedes all existing revenue requirements in IFRS. Its core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

IFRS 15 discusses whether a contract contains more than one distinct good or service. In light of this guidance, the Group considered whether its package holidays offering contained more than one promised service, and concluded that a package holiday constituted delivery of one distinct performance obligation including flights, accommodation, transfers and other holiday-related services.

Under IFRS 15, revenues are recognised when a performance obligation is satisfied, which happens when control of the goods or services underlying the particular performance obligation is transferred to the customer. The impact of this for the business is to defer the recognition of certain non-ticket revenue streams to the date of departure rather than the date of booking.

In addition, a proportion of flight delay compensation payments made to customers, previously recorded wholly within net operating expenses, will be offset against revenues. This presentational change will reduce revenue where the performance obligation has not been fully satisfied, but will have a net nil impact on the overall profit for the year.

For the Group's 2018 financial statements, on adoption of IFRS 15, the deferral in timing of revenue recognition will result in a reduction in opening net assets at 1 April 2017 of approximately £11m - £12m. The Group also expects revenue to reduce by £11m - £12m and profit before tax by £4m - £5m. The impact on profit before tax in future years is not anticipated to be material.

IFRS 9 Financial Instruments	January 2018
-------------------------------------	---------------------

The Group will adopt IFRS 9 in its financial statements for the year ending 31 March 2019. This new standard replaces current guidance provided by IAS 39 on classification and measurement of financial assets and liabilities. In addition, IFRS 9 includes new requirements for general hedge accounting and impairment of financial assets.

Under IFRS 9, all recognised financial assets within scope are required to be subsequently measured at amortised cost or fair value. The classification of each financial asset is based on whether the business model of the Group is to hold assets to collect contractual cash flows or to benefit from changes in the fair value of assets. The Group does not anticipate any material changes to its classification of financial assets in light of this change.

The impairment model under IFRS 9 reflects expected credit losses, as opposed to only incurred credit losses under IAS 39. The Group will apply the practical expedient afforded by IFRS 9 in calculating credit losses and therefore does not anticipate any material changes to its current impairment calculations.

Finally, under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting. This new guidance is aligned with the Group's current hedging policy and therefore does not result in any material changes.

Overall, the Group does not anticipate any material change in either its net assets or profit for the year on transition to IFRS 9.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. NEW IFRS AND AMENDMENTS TO IAS AND INTERPRETATIONS (continued)

IFRS 16 Leases

January 2019

The Group will adopt IFRS 16 in its financial statements for the year ending 31 March 2020. IFRS 16 replaces IAS 17 and removes the requirement for lessees to report on finance and operating leases separately.

Under IFRS 16, the Group will distinguish between leases and service contracts based on whether there is an identified asset controlled by the Group. Control exists if the customer has the right to obtain substantially all of the economic benefit from the use of the asset and the right to direct the use of that asset. Where control exists, the Group will be required to recognise a right-of-use asset and also a lease liability, rather than accounting for operating lease payments through profit and loss.

Upon application of the new standard, the Group expect to capitalise all aircraft and properties currently accounted for as operating leases. As a result, the Group will incur depreciation charges on these assets and interest charges on the associated lease liabilities, in place of the operating lease charges currently incurred.

The Group continues to evaluate the impact of applying the new standard.

4. SEGMENTAL REPORTING

The **Jet2.com** Group Chief Operating Decision Maker is its Board of Directors, which assesses the performance of, and makes resource allocation decisions in relation to, one operating segment, the Leisure Travel business. Accordingly, the Group has only one reportable segment.

The Leisure Travel business specialises in the provision of scheduled holiday flights by its airline, **Jet2.com**, and ATOL licensed package holidays by its tour operator, **Jet2holidays**, to holiday destinations in the Mediterranean, the Canary Islands and to European Leisure Cities. Resource allocation decisions are based on the business's entire route network and the deployment of its entire aircraft fleet.

5. NET OPERATING EXPENSES

	2018 £m	2017 £m
Direct operating costs	1,659.1	1,129.0
Staff costs (including agency staff)	259.0	192.5
Depreciation of fixed assets	17.5	12.8
Other operating charges	181.0	135.1
	2,116.6	1,469.4

6. OPERATING PROFIT

	2018 £m	2017 £m
Operating profit is stated after charging:		
Auditor's remuneration	0.1	0.1
Other Auditor services	-	-
Operating lease rentals - land and buildings	4.8	3.6
Operating lease rentals - plant and machinery	48.8	39.7
Operating lease rentals - aircraft rentals payable to Group undertakings	64.2	35.8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. EMPLOYEES

	2018	2017
	£m	£m
Wages and salaries	223.4	167.4
Social security costs	24.7	17.7
Other pension costs	9.8	7.3
Share based payment charge	0.1	0.1
	<u>258.0</u>	<u>192.5</u>

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 IFRS 2 *Share based Payments*.

	2018	2017
	No.	No.
Average number of employees during the year including Directors:		
Operations	5,989	3,820
Administration	900	1,075
	<u>6,889</u>	<u>4,895</u>
	£m	£m
Directors' remuneration:		
Emoluments	3.4	3.0
Pension contributions	0.3	0.4
	<u>3.7</u>	<u>3.4</u>
Highest paid Director:		
Emoluments	0.4	0.4
Pension contributions	-	-
	<u>0.4</u>	<u>0.4</u>

During the year Philip Meeson, Stephen Heapy and Gary Brown were paid by the Company's ultimate parent company Dart Group PLC. Details of their remuneration are disclosed in the accounts of that company.

The number of Directors accruing benefits under the Group's pension scheme was 14 (2017: 12). 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 5 (2017: 6).

8. NET FINANCING INCOME / (EXPENSE)

	2018	2017
	£m	£m
Finance income:		
From group undertakings	1.9	0.3
From third parties	2.8	2.6
	<u>4.7</u>	<u>2.9</u>
Net FX revaluation losses	(1.2)	(5.7)
	<u>3.5</u>	<u>(2.8)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. TAXATION

	2018 £m	2017 £m
Current taxation:		
UK corporation taxation based upon the profits for the year:		
- current year	21.4	18.9
- prior year	0.5	(0.3)
Current taxation charge for the year	<u>21.9</u>	<u>18.6</u>
Deferred taxation:		
Origination and reversal of timing differences:		
- current year	(0.3)	(0.1)
- prior year	-	-
Deferred taxation credit for the year	<u>(0.3)</u>	<u>(0.1)</u>
Total taxation in income statement in the year	<u>21.6</u>	<u>18.5</u>

The taxation assessed for the current year is higher (2017: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	2018 £m	2017 £m
Profit before taxation	<u>110.1</u>	<u>93.6</u>
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19% (2017: 20%)	20.9	18.7
Effects of:		
Expenses not deductible	0.3	0.3
Adjustments to tax charge in previous periods	0.5	(0.3)
Other differences	(0.1)	(0.2)
Total (see above)	<u>21.6</u>	<u>18.5</u>

Deferred taxation in the year has been provided at 17% (2017: 17%) as a consequence of legislation enacted in prior years, which will reduce the rate of UK corporation tax to 17% from 1 April 2020.

	2018 £m	2017 £m
Net deferred taxation liability:		
Deferred taxation assets	2.1	0.3
Deferred taxation liabilities	(8.6)	(9.1)
	<u>(6.5)</u>	<u>(8.8)</u>
The movement in the net deferred taxation liability is as follows:		
As at 1 April	(8.8)	1.1
Credited to income statement	0.3	0.1
Credit / (charge) taken direct to equity	2.0	(10.0)
As at 31 March	<u>(6.5)</u>	<u>(8.8)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. TAXATION (continued)

Movements in deferred taxation assets and liabilities prior to offset are shown below:

Deferred taxation assets	Accelerated capital allowances £m	Financial instruments £m	Total £m
At 31 March 2016	0.2	7.5	7.7
Charge to income	0.1	-	0.1
Charge to equity	-	(7.5)	(7.5)
At 31 March 2017	0.3	-	0.3
Credit to income	0.3	-	0.3
At 31 March 2018	0.6	-	0.6

Deferred taxation liabilities	Total £m
<i>Financial instruments:</i>	
At 31 March 2016	6.6
Charge to equity	2.5
At 31 March 2017	9.1
Credit to equity	(2.0)
At 31 March 2018	7.1

Deferred taxation in relation to financial instruments in the tables above includes the impact of the Group's forward foreign currency contracts, aviation fuel swaps, EU Allowance contracts and forward Certified Emissions Reduction contracts.

10. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings £m	Aircraft related assets £m	Plant, vehicles and equipment £m	Total £m
Cost:				
At 31 March 2016	4.6	43.1	46.5	94.2
Additions	15.2	16.6	13.0	44.8
Disposals	-	-	(0.2)	(0.2)
At 31 March 2017	19.8	59.7	59.3	138.8
Additions	0.6	18.0	12.5	31.1
Disposals	-	-	(0.2)	(0.2)
At 31 March 2018	20.4	77.7	71.6	169.7
Depreciation:				
At 31 March 2016	(2.8)	(13.4)	(30.2)	(46.4)
Charged during the year	(0.9)	(6.7)	(5.2)	(12.8)
Disposals	-	-	0.2	0.2
At 31 March 2017	(3.7)	(20.1)	(35.2)	(59.0)
Charged during the year	(1.3)	(8.8)	(7.4)	(17.5)
Disposals	-	-	0.1	0.1
At 31 March 2018	(5.0)	(28.9)	(42.5)	(76.4)
Net book value:				
At 31 March 2018	15.4	48.8	29.1	93.3
At 31 March 2017	16.1	39.6	24.1	79.8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. INVENTORIES

	2018 £m	2017 £m
Goods for re-sale	<u>1.2</u>	<u>0.7</u>

12. TRADE AND OTHER RECEIVABLES

	2018 £m	2017 £m
Trade receivables	720.9	531.1
Amounts due from parent undertaking	393.8	319.2
Amounts due from group undertakings	7.6	-
Other receivables	172.2	139.4
	<u>1,294.5</u>	<u>989.7</u>

Included in amounts due from parent undertaking is £160.0m (2017: £151.7m) of aircraft maintenance security deposits, repayable to the Company by Dart Group PLC.

Other debtors and prepayments include balances totalling £29.2m (2017: £30.1m) recoverable after more than one year.

Ageing analysis of trade receivables

	31 March 2018 £m			31 March 2017 £m		
	Gross receivables	Provision for doubtful debts	Net trade receivables	Gross receivables	Provision for doubtful debts	Net trade receivables
Not past due	719.4	-	719.4	528.5	-	528.5
Up to one month past due	0.5	-	0.5	1.2	-	1.2
Over one month past due	1.1	(0.1)	1.0	1.5	(0.1)	1.4
	<u>721.0</u>	<u>(0.1)</u>	<u>720.9</u>	<u>531.2</u>	<u>(0.1)</u>	<u>531.1</u>

13. MONEY MARKET DEPOSITS & CASH AND CASH EQUIVALENTS

Included within cash and money market deposits is £80.3m (2017: £78.7m) of cash, which is restricted by the Group'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 had no cash placed with counterparties in the form of margin calls to cover out-of-the-money hedge instruments (2017 cash placed: £nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. TRADE AND OTHER PAYABLES

	2018 £m	2017 £m
Trade payables	40.3	34.6
Other taxation and social security	11.8	8.1
Amounts owed to parent undertaking	3.0	-
Amounts owed to group undertakings	0.5	0.2
Other creditors and accruals	102.8	86.9
	<u>158.4</u>	<u>129.8</u>

15. PROVISIONS

	Maintenance		Other		Total	
	2018 £m	2017 £m	2018 £m	2017 £m	2018 £m	2017 £m
Opening	162.0	117.8	22.7	18.8	184.7	136.6
Provision in the year	53.1	88.2	11.2	11.4	64.3	99.6
Transferred in from other creditors and accruals	-	-	-	1.8	-	1.8
Utilised	(41.8)	(44.0)	(7.2)	(6.8)	(49.0)	(50.8)
Released unused	-	-	(2.6)	(2.5)	(2.6)	(2.5)
Closing at 31 March	<u>173.3</u>	<u>162.0</u>	<u>24.1</u>	<u>22.7</u>	<u>197.4</u>	<u>184.7</u>

Maintenance provisions relate entirely to the Group's obligation to maintain leased aircraft in accordance with the aircraft manufacturer's 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 relate to the Group's obligation to possible passenger claims for historical flight delays under Regulation (EC) No 261/2004 and possible customer compensation claims that cannot be reclaimed from hotels. The main assumptions underlying the possible passenger claims for flight delays and possible customer compensation claims are the number of valid claims received and which may be received, the amount at which those claims may be settled, and additionally for customer compensation claims the proportion which may be reclaimed from hotels. The majority of cash outflows connected with these provisions are expected to occur within three years of the balance sheet date.

16. CAPITAL AND RESERVES

Share capital

	Allotted, called up and fully paid	
	2018 £m	2017 £m
Ordinary shares of £1 each	<u>0.3</u>	<u>0.3</u>

Cash flow hedging reserve

The cash flow hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet matured.

Dividends

No dividends were recognised during the period (2017: £nil per ordinary share).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. SHARE BASED PAYMENTS

Details of the employee share schemes operated by Dart Group PLC are disclosed in note 22 of that company's financial statements. The amount charged in the consolidated results for the year, which is based on the Group's employees participating in the schemes, was £0.1m (2017: £0.1m).

18. 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.

19. PENSION COMMITMENTS

The Group 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 7).

20. OTHER FINANCIAL COMMITMENTS

Minimum future commitments under non-cancellable operating leases are as follows:

	2018 Land and Buildings £m	2018 Plant and Machinery £m	2017 Land and Buildings £m	2017 Plant and Machinery £m
Operating leases which expire:				
- within one year	4.8	99.9	2.9	82.8
- within two to five years	18.1	224.8	9.3	146.6
- over five years	22.3	1.8	6.0	-
	45.2	326.5	18.2	229.4

21. FINANCIAL INSTRUMENTS

The Group has exposure to the following risks from its use of financial instruments:

Liquidity risk

The Group's strategy for managing liquidity risk is to maintain cash balances in an appropriately liquid form and in accordance with approved counterparty limits, while securing the continuity and flexibility of funding through the use of committed banking facilities via Dart Group PLC. Short-term cash flow risk, in relation to margin calls in respect of fuel and foreign currency hedge positions, is minimised through diversification of counterparties together with appropriate credit thresholds. In addition, a regular assessment is made of Dart Group PLC's banking facility covenant compliance and the UK Civil Aviation Authority's Available Liquidity Test.

Credit risk

Jet2.com is exposed to credit risk to the extent of non-performance by its counterparties in respect of financial assets receivable. However, the business has policies and procedures in place to ensure such risk is limited and sets credit limits for each counterparty accordingly. The business regularly monitors such limits, incorporating this information into credit risk controls. The business does not currently hold any collateral.

The maximum exposure to credit risk is limited to the carrying value of each asset as summarised in section (c) below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Foreign currency risk

The business incurs considerable operational costs which are euro and US dollar denominated and can be exposed to sudden movements in exchange rates.

Transactional currency exposures arise as a result of expenditure on hotel accommodation, aviation fuel, aircraft maintenance, air traffic control, and airport charges. The business' policy is to cover up to 90% of its expected requirements for a period of up to 30 months in advance, using forward foreign exchange contracts. As at 31 March 2018, the business had hedged a significant proportion of its forecast foreign exchange requirements for 2018/19 and a proportion of its requirements for the subsequent year. Further information in relation to foreign currency exchange risk is given below.

Aviation fuel price risk

The cost of fuel is a material element of the cost base of the business and the effective management of aviation fuel price volatility remains important. The business' policy is to forward cover up to 90% of future fuel requirements, up to 30 months in advance. As at 31 March 2018, the Group had hedged a significant proportion of its forecast fuel requirements for 2018/19 and 2019/20.

Carbon price risk

The Group also hedges exposure in relation to its obligations under the EU Emissions Trading Scheme, which sets requirements on a calendar year basis. As at 31 March 2018, the Group had acquired a significant proportion of its requirement for the year ending 31 December 2018 and a proportion of the following year's requirement.

All hedging has been carried out in line with Dart Group PLC's Hedging Policy.

Under IAS 39, the forward currency, carbon and fuel derivatives are eligible for cash flow hedge accounting. Movements in fair value are summarised in section (b) below. Cash flow hedges relate to forecast cash flows through to 31 March 2020.

(a) Carrying amount and fair values of financial instruments

Set out below is a comparison by category of the carrying amounts and fair value of all the Group's financial assets and liabilities as at 31 March 2018.

	31 March 2018 Carrying amount £m	31 March 2017 Carrying amount £m
Financial Assets		
Liquid assets, loans and receivables:		
Cash and cash equivalents	579.1	456.6
Money market deposits	170.2	135.1
Trade receivables	720.9	531.1
Loan to parent	231.9	156.9
Designated cash flow hedge relationships:		
Forward US dollar contracts	0.8	27.0
Forward euro contracts	7.1	29.7
Forward jet fuel contracts	71.4	27.1
Forward carbon contracts	6.6	0.1
Total financial assets	1,788.0	1,363.6

There are no differences between the carrying values of the Group's financial assets and their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Financial Liabilities	31 March 2018 Carrying amount £m	31 March 2017 Carrying amount £m
Payables and overdrafts:		
Trade payables	40.3	34.6
Bank overdrafts ⁱ	1.0	31.9
Designated cash flow hedge relationships:		
Forward US dollar contracts	32.3	3.0
Forward euro contracts	16.1	18.2
Forward jet fuel contracts	-	13.6
Forward carbon contracts	-	1.0
Total financial liabilities	89.7	102.3

i. The bank overdrafts are part of parent Group, Dart Group PLC's composite banking facility which allows the offset of individual bank and overdraft accounts across a range of currencies. As such no interest is payable on the overdrafts included above.

There are no differences between the carrying values of the Group's financial liabilities and their fair values. The methods and assumptions used to estimate fair values of financial assets and liabilities are as follows:

- due to their short maturities, the fair values of trade receivables and trade payables have been stated at their book value;
- the fair value of derivative financial instruments has been measured by reference to the fair value of the instruments, as provided by external counterparties; and
- the fair value of derivative financial instruments is based on the expected full recovery of these assets from the relevant counterparties.

IFRS 13 requires the classification of fair value measurements using a fair value hierarchy that reflects the nature of the inputs used in making the assessments.

The fair value of the Group's foreign currency derivative financial instruments is designated as level 2 as the fair value measure uses inputs other than quoted prices in active markets for identical assets or liabilities. Foreign currency derivatives are measured by reference to forward market expectations. Fuel derivatives, which are measured by reference to external counterparty information, are also classified as level 2.

(b) Movements in fair value of financial instruments

Net movements in fair value of financial instruments are as follows:

	Cash flow hedges	
	Assets £m	Liabilities £m
At 31 March 2016	64.1	(68.6)
Other comprehensive income	19.8	32.8
At 31 March 2017	83.9	(35.8)
Other comprehensive income	2.0	(12.6)
At 31 March 2018	85.9	(48.4)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(c) Maturity profile of financial assets and liabilities

The maturity profile of the carrying value of the Group's financial assets at the end of the year was as follows:

Financial assets	31 March 2018			31 March 2017		
	Derivative financial instruments £m	Liquid assets, loans and receivables £m	Total £m	Derivative financial instruments £m	Liquid assets, loans and receivables £m	Total £m
< 1 year	64.3	1,702.1	1,766.4	74.6	1,279.7	1,354.3
1 - 2 years	21.6	-	21.6	9.3	-	9.3
	85.9	1,702.1	1,788.0	83.9	1,279.7	1,363.6

The maturity profile of the carrying value of the Group's financial liabilities at the end of the year was as follows:

Financial liabilities	31 March 2018			31 March 2017		
	Derivative financial instruments £m	Payables and overdrafts £m	Total £m	Derivative financial instruments £m	Payables and overdrafts £m	Total £m
< 1 year	40.7	41.3	82.0	15.2	66.5	81.7
1 - 2 years	7.7	-	7.7	20.6	-	20.6
	48.4	41.3	89.7	35.8	66.5	102.3

(d) Interest rate risk

Financial assets	31 March 2018			31 March 2017		
	Floating rate financial assets £m	Financial assets on which no interest is receivable £m	Total £m	Floating rate financial assets £m	Financial assets on which no interest is receivable £m	Total £m
Money market deposits & cash and cash equivalents:						
Sterling	657.4	73.9	731.3	555.2	2.9	558.1
US dollar	20.8	(13.6)	7.2	10.2	14.8	25.0
Euro	0.1	10.3	10.4	9.1	(0.5)	8.6
Other	0.1	0.3	0.4	-	-	-
Loans:						
To parent (Sterling)	231.9	-	231.9	156.9	-	156.9
	910.3	70.9	981.2	731.4	17.2	748.6

The floating rate financial assets comprise cash on deposit and intercompany loans at various market rates according to currency and term. Money market deposits comprise deposits with a maturity of more than three months at the point of placement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Financial liabilities	31 March 2018			31 March 2017		
	Floating rate financial liabilities £m	Fixed rate financial liabilities £m	Total £m	Floating rate financial liabilities £m	Fixed rate financial liabilities £m	Total £m
Overdrafts:						
Sterling	1.0	-	1.0	17.5	-	17.5
US Dollar	-	-	-	10.9	-	10.9
Euro	-	-	-	2.7	-	2.7
Other	-	-	-	0.8	-	0.8
	1.0	-	1.0	31.9	-	31.9

(e) Currency exposure

Financial instruments that are not denominated in the functional currency of the operating unit involved expose the Group to a currency risk. The table below shows the carrying value of the Group's financial instruments at 31 March, including derivative financial instruments, on which exchange differences would be recognised in the income statement in the following year.

	US dollar £m	Euro £m	Other £m	Total £m
31 March 2017	7.2	(37.8)	(1.1)	(31.7)
31 March 2018	(4.0)	(40.8)	0.1	(44.7)

(f) Sensitivity analysis

The following table shows the impact of currency translation exposures arising from monetary assets and liabilities of the Group that are not denominated in sterling, along with the impact of a reasonably possible change in fuel prices, with all other variables held constant.

	31 March 2018		31 March 2017	
	Income statement	Other comprehensive income	Income statement	Other comprehensive income
10% increase in jet fuel prices	-	33.6	-	44.2
10% weakening in GBP vs USD	(0.4)	56.4	(0.6)	40.4
10% weakening in GBP vs EUR	(3.7)	148.1	(3.4)	124.6
10% decrease in jet fuel prices	-	(33.6)	-	(44.2)
10% strengthening in GBP vs USD	0.3	(46.1)	0.5	(33.0)
10% strengthening in GBP vs EUR	3.0	(121.1)	2.8	(101.9)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. RELATED PARTY TRANSACTIONS

During the year, **Jet2.com** group companies entered into the following transactions with related parties who are not members of the group:

	2018 £m	2017 £m
Dart Group PLC	41.4	50.5
Dart Leasing & Finance Limited	19.2	-
Jet2 Support Services (Spain) Limited	1.9	-
Total	62.5	50.5

The following amounts were outstanding at the balance sheet date:

	Amounts owed from related parties		Amounts owed to related parties	
	2018 £m	2017 £m	2018 £m	2017 £m
Dart Group PLC	393.8	319.2	3.0	-
Dart Leasing & Finance Limited	5.3	-	-	-
Jet2 Support Services (Spain) Limited	2.3	-	0.5	-
Total	401.4	319.2	3.5	-

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, LS19 7TU.

Dart Group PLC is a related party of the group because it is the parent and the ultimate controlling party of **Jet2.com**. Dart Leasing & Finance Limited and Jet2 Support Services (Spain) Limited are related parties to **Jet2.com** because they share the same parent as **Jet2.com**, Dart Group PLC.

Transactions made during the year between **Jet2.com** group companies and Dart Group PLC were at arm's length and included rental payments for aircraft leased from Dart Group PLC to **Jet2.com** and various recharges for shared costs between Dart Group PLC and **Jet2.com** and **Jet2holidays**.

Transactions made during the year between **Jet2.com** group companies and Dart Leasing & Finance Limited were at arm's length and included rental payments for aircraft leased from Dart Leasing & Finance Limited to **Jet2.com**.

Transactions made during the year between **Jet2.com** group companies and Jet2 Support Services (Spain) Limited were at arm's length and included charges for leisure travel support services.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of amounts owed by related parties.

Jet2.com Limited

PARENT COMPANY BALANCE SHEET

at 31 March 2018

	Note	2018 £m	2017 £m
FIXED ASSETS			
Property, plant and equipment	5	91.3	79.0
Investments	4	26.5	26.5
		117.8	105.5
CURRENT ASSETS			
Stock	6	1.2	0.7
Debtors-of which falling due >1 year: £21.4m (2017: £8.5m)	7	807.0	660.8
Money market deposits	8	70.0	80.1
Cash and cash equivalents	8	310.7	211.1
		1,188.9	952.7
CREDITORS: amounts falling due within one year	9	(791.6)	(624.6)
NET CURRENT ASSETS		397.3	328.1
TOTAL ASSETS LESS CURRENT LIABILITIES		515.1	433.6
CREDITORS: amounts falling due after more than one year			
Other creditors	10	(7.0)	(15.1)
Provisions	11	(186.0)	(176.5)
Deferred taxation	12	(8.0)	(6.9)
NET ASSETS		314.1	235.1
SHAREHOLDER'S EQUITY			
Called up share capital	13	0.3	0.3
Cash flow hedging reserve	13	36.7	31.2
Profit and loss account		277.1	203.6
TOTAL SHAREHOLDER'S EQUITY		314.1	235.1

The accounts on pages 36 to 42 were approved by the Board of Directors at a meeting held on 6 September 2018 and were signed on its behalf by:



Gary Brown

Director

Jet2.com Limited

Registered No. 02739537

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2018

	Share capital	Cash flow hedging reserve	Profit and loss account	Total shareholder's equity
	£m	£m	£m	£m
Balance at 31 March 2016	0.3	(30.0)	141.3	111.6
Total comprehensive income	-	61.2	62.2	123.4
Share based payment charge	-	-	0.1	0.1
Balance at 31 March 2017	0.3	31.2	203.6	235.1
Total comprehensive income	-	5.5	73.4	78.9
Share based payment charge	-	-	0.1	0.1
Balance at 31 March 2018	0.3	36.7	277.1	314.1

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The financial statements of the Company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under *FRS 100 Application of Financial Reporting Requirements* issued by the Financial Reporting Council. Accordingly, the Company adopts *FRS 101 Reduced Disclosure Framework*, accordingly.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a cash flow statement and related notes;
- comparative period reconciliations for share capital and property, plant and equipment;
- transactions with wholly owned subsidiaries;
- capital management;
- the effects of new but not yet effective IFRS; and
- compensation of key management personnel.

As the consolidated financial statements include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 *Share Based Payments* in respect of Group settled share based payments; and
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instruments: Disclosures*.

The Company proposes to continue to adopt the reduced disclosure framework of FRS101 in relation to future financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

2. 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 financial statements as detailed in note 1 to the consolidated financial statements.

Investments

Investments are recorded at cost, less provision for impairment in value where appropriate.

3. PROFIT OF THE PARENT COMPANY

The Company has taken advantage of the provisions of section 408 of the Companies Act 2006 and has elected to not publish its own profit and loss account for the year. Of the £88.5m profit after taxation declared in the Consolidated Income Statement on page 15, £73.4m (2017: £62.2m) is provided by the Parent Company, **Jet2.com Limited**.

NOTES TO THE COMPANY FINANCIAL STATEMENTS (continued)

4. INVESTMENTS

	Investments in subsidiary companies £m
Cost:	
At 31 March 2017 and 31 March 2018	26.5
Provision for diminution in value:	
At 31 March 2017 and 31 March 2018	-
Net book value as at 31 March 2017 and 31 March 2018	26.5

Details of principal subsidiaries:

Company name	Country of Incorporation	% holding	Class	Number	Activity
Jet2holidays Limited	United Kingdom	100	Ordinary	26,500,000	Package holidays
Jet2 Transport Services Limited*	United Kingdom	100	Ordinary	2,000	Transport services
Jet2 Support Services (Cyprus) Limited	Cyprus	100	Ordinary	1	Leisure travel services

* Owned via shareholding in Jet2holidays Limited.

With the exception of Jet2 Support Services (Cyprus) Limited, all of the above subsidiaries share the same registered address as Jet2.com, which is provided on page 2. Jet2 Support Services (Cyprus) Limited's registered address is as follows:

Jet2 Support Services (Cyprus) Limited
21 Vasili Michailidi
3026 Limassol
Cyprus

5. PROPERTY, PLANT AND EQUIPMENT

	Land & Buildings £m	Aircraft related assets £m	Plant, vehicles and equipment £m	Total £m
Cost:				
At 31 March 2017	19.8	59.7	56.7	136.2
Additions	0.6	18.0	10.7	29.3
Disposals	-	-	(0.1)	(0.1)
At 31 March 2018	20.4	77.7	67.3	165.4
Depreciation:				
At 31 March 2017	(3.7)	(20.2)	(33.3)	(57.2)
Charged during the year	(1.2)	(8.8)	(6.9)	(16.9)
Disposals	-	-	-	-
At 31 March 2018	(4.9)	(29.0)	(40.2)	(74.1)
Net book value at 31 March 2018	15.5	48.7	27.1	91.3
Net book value at 31 March 2017	16.1	39.5	23.4	79.0

NOTES TO THE COMPANY FINANCIAL STATEMENTS (continued)

6. STOCK

	2018	2017
	£m	£m
Goods for re-sale	<u>1.2</u>	<u>0.7</u>

Stock is accounted for on a FIFO basis and stated at the lower of cost and net realisable value. Net realisable value is the estimated resale value. Aircraft spares, held for long-term use, are classified within property, plant and equipment.

7. DEBTORS

	2018	2017
	£m	£m
Trade debtors	3.0	4.7
Amounts due from Parent Company	342.3	317.5
Amounts due from Group undertakings	367.9	267.0
Other debtors and prepayments	14.2	12.7
Derivative financial instruments – £21.4m due after > 1 year (2017: £8.5m)	79.6	58.9
	<u>807.0</u>	<u>660.8</u>

Included within Amounts due from Parent Company are leased aircraft maintenance security deposits repayable to the Company of £160.0m (2017: £151.7m).

8. MONEY MARKET DEPOSITS & CASH AND CASH EQUIVALENTS

Included within cash and money market deposits is £43.5m (2017: £40.0m) of cash which is 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.

9. CREDITORS: amounts falling due within one year

	2018	2017
	£m	£m
Trade creditors	14.0	13.8
Taxation and social security costs	20.0	23.2
Amounts owed to group undertakings	28.8	30.9
Loans	-	0.8
Other creditors and accruals	53.6	37.1
Derivative financial instruments	29.6	5.9
Deferred revenue	645.6	512.9
	<u>791.6</u>	<u>624.6</u>

NOTES TO THE COMPANY FINANCIAL STATEMENTS (continued)

10. CREDITORS: amounts falling due after more than one year

	2018	2017
	£m	£m
Deferred revenue	2.3	0.6
Derivative financial instruments	4.7	14.5
	<u>7.0</u>	<u>15.1</u>

11. PROVISIONS

	Maintenance		Other		Total	
	2018	2017	2018	2017	2018	2017
	£m	£m	£m	£m	£m	£m
Opening at 1 April	162.0	117.8	14.5	18.8	176.5	136.6
Provision in the year	53.1	88.2	7.2	5.0	60.3	93.2
Utilised	(41.8)	(44.0)	(6.3)	(6.8)	(48.1)	(50.8)
Released unused	-	-	(2.7)	(2.5)	(2.7)	(2.5)
Closing at 31 March	<u>173.3</u>	<u>162.0</u>	<u>12.7</u>	<u>14.5</u>	<u>186.0</u>	<u>176.5</u>

Maintenance provisions relate entirely to the Company's obligation to maintain leased aircraft in accordance with the aircraft manufacturer's 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 relate to possible passenger claims for historical flight delays under Regulation (EC) No 261/2004. The main assumptions underlying the possible passenger claims for flight delays are the number of valid claims received and which may be received and the amount at which those claims may be settled. The majority of cash outflows connected with these provisions are expected to occur within three years of the balance sheet date.

12. DEFERRED TAXATION

	2018	2017
	£m	£m
Deferred taxation (liability) / asset arising from:		
Opening balance at 1 April	(6.9)	7.6
Charge in the year	<u>(1.1)</u>	<u>(14.5)</u>
Closing at 31 March	<u>(8.0)</u>	<u>(6.9)</u>
Deferred taxation breakdown:		
Accelerated Capital Allowances	0.4	0.2
Short-term timing differences	0.2	0.2
Timing differences on derivative financial instruments	<u>(8.6)</u>	<u>(7.3)</u>
	<u>(8.0)</u>	<u>(6.9)</u>

There are no unrecognised deferred taxation balances at 31 March 2018 (2017: £nil).

NOTES TO THE COMPANY FINANCIAL STATEMENTS (continued)

13. SHARE CAPITAL AND RESERVES

	2018	2017
	£m	£m
<i>Allotted, called up and fully paid:</i>		
250,000 ordinary shares of £1 each	<u>0.3</u>	<u>0.3</u>

Cash flow hedging reserve

The cash flow hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet matured.

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

Minimum future commitments under non-cancellable operating leases are as follows:

	2018	2018	2017	2017
	Land and	Plant and	Land and	Plant and
	Buildings	Machinery	Buildings	Machinery
	£m	£m	£m	£m
Operating leases which expire:				
- within one year	4.8	99.9	2.9	82.8
- within two to five years	18.1	224.8	9.3	146.6
- over five years	22.3	1.8	6.0	-
	<u>45.2</u>	<u>326.5</u>	<u>18.2</u>	<u>229.4</u>

16. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption granted by paragraph 8(k) of FRS 101, not to disclose transactions and balances with other Dart Group PLC entities that are wholly owned by a member of the Group.

17. 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, LS19 7TU.

GLOSSARY OF TERMS

ATOL	Air Travel Organiser's License.
Average Package Holiday Price	Total package holiday revenue, excluding non-ticket revenue, in a period, divided by the number of package holiday customers departing in that period.
Capacity	See Sector Seats Available below.
ETIAS	The European Travel Information and Authorisation System is the European Commission's proposed new visa scheme, which could apply to non-EU citizens, including UK citizens, post-Brexit.
Load Factor	The percentage relationship of Passenger Sectors Flown to Sector Seats Available.
Net Ticket Yield	Total airline ticket revenue, excluding taxes, divided by the number of Passenger Sectors Flown.
Non-ticket Revenue	All non-ticket revenue, including hold baggage charges, extra legroom fees, in-flight sales and commissions earned on car hire and insurance bookings.
Passenger Sectors Flown	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.
Sector	A single leg flight journey.
Sector Seats Available	Total number of seats available according to the Leisure Travel scheduled flying programme (also known as Capacity).