

Jet2 Support Services (Spain) Limited

Report and Accounts

For the year ended 31 March 2020

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JET2 SUPPORT SERVICES (SPAIN) LIMITED

CONTENTS

DIRECTORS AND OTHER INFORMATION.....	2
DIRECTORS' REPORT	3
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JET2 SUPPORT SERVICES (SPAIN) LIMITED.....	7
PROFIT AND LOSS ACCOUNT AND STATEMENT OF COMPREHENSIVE INCOME	10
BALANCE SHEET	11
STATEMENT OF CHANGES IN EQUITY	12
NOTES TO THE FINANCIAL STATEMENTS.....	13

JET2 SUPPORT SERVICES (SPAIN) LIMITED

DIRECTORS AND OTHER INFORMATION

DIRECTORS

Philip Meeson	Executive Chairman	
Stephen Heapy	Chief Executive Officer	
Gary Brown	Chief Financial Officer	
Ian Day	Legal Director	
Stephen Lee	Commercial Director	(resigned 9 March 2020)

SECRETARY AND REGISTERED OFFICE

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

AUDITOR

KPMG LLP
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

BANKERS

La Caixa
Avenida del Atlántico
30730 San Javier
Murcia
Spain

SOLICITORS

López-Ibor Abogados
López de Hoyos 35, 3º
28002 Madrid

JET2 SUPPORT SERVICES (SPAIN) LIMITED

DIRECTORS' REPORT

The Directors present their Report and Accounts for the year ended 31 March 2020.

This Directors' Report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption and no Strategic Report has been presented in line with the provisions of Section 414B of the Companies Act 2006.

REVIEW OF THE BUSINESS

The principal activity of Jet2 Support Services (Spain) Limited (the "Company") is the provision of leisure travel support services.

The Company is a wholly owned subsidiary of the Group headed by Dart Group plc ("the Group").

RESULTS AND DIVIDENDS

The results for the year ended 31 March 2020 are set out in the Profit and Loss Account on page 10 and show a profit after taxation of £661,000 (2019: £592,000). No dividend was paid in the year (2019: £nil).

PRINCIPAL RISKS AND UNCERTAINTIES

All transactions are entered into with other subsidiaries of the Company's ultimate parent, Dart Group plc. The principal risks and uncertainties of Dart Group plc, and the wider group, are disclosed in the Dart Group plc Annual Report and Accounts 2020 on pages 16 to 27.

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 the ultimate parent undertaking, Dart Group plc, during the year. Their interests in the share capital of Dart Group plc are disclosed in the accounts of that company. The Directors received no remuneration in respect of their services to the Company in either the current or prior year. Details of the remuneration received in respect of their services to Dart Group plc are included in the consolidated financial statements of Dart Group plc.

GOING CONCERN

The Company provides leisure travel support services exclusively to **Jet2holidays** customers who fly on **Jet2.com** flights and, accordingly, its financial performance is inextricably linked with the performance of the rest of the Group.

The Directors have prepared financial forecasts for the Group, comprising profit before and after taxation, balance sheets and cash flows through to 31 March 2023.

JET2 SUPPORT SERVICES (SPAIN) LIMITED

DIRECTORS' REPORT (continued)

For the purpose of assessing the appropriateness of the preparation of the Company's accounts on a going concern basis, multiple financial forecast scenarios of increasing severity have been prepared for the Group. Three "no fly" scenarios were produced being: a base case, restarting flying on 1 September 2020; restarting flying on 1 January 2021; and restarting flying on 1 April 2021. All three scenarios assume a gradual ramp up of flying operations, initially running at reduced average load factors and net ticket yields, significantly below historic levels.

The forecasts consider the current cash position, the availability of banking facilities and an assessment of the principal areas of risk and uncertainty as detailed in the Group's Annual Report & Accounts, paying particular attention to the impact of Covid-19.

The forecasts also incorporate the following actions taken since 31 March 2020 which have improved the Group's overall liquidity:

- Full use of the grants available under the UK Government's Coronavirus Job Retention Scheme;
- On 14 May 2020, the Group was confirmed as an eligible issuer for the Bank of England Covid Corporate Financing Facility ("CCFF") and put in place a £300.0m commercial paper programme to facilitate issuance under it. The CCFF is designed to support liquidity among larger businesses who are capable of demonstrating that they make a material contribution to the UK economy and are able to display sound financial health, equivalent to an investment grade rating, prior to the economic shock caused by the Covid-19 pandemic. The forecast scenarios assume that the CCFF will be drawn down in the final quarter of 2020;
- On 21 May 2020, the Group completed a Placing of 29.78 million new ordinary shares at a price of 576.5 pence per share, raising gross proceeds of £171.7m; and
- On 31 May 2020, the Group completed the sale of its Distribution & Logistics business, **Fowler Welch** for a gross cash consideration of £98.0m.

Due to the level of uncertainty of how the operations of the business may emerge from the Covid-19 pandemic, the Directors also modelled a further "no fly" scenario through to 1 August 2021 to assess the liquidity position over the entire going concern period of at least 12 months from the date of signing of this report. The Directors concluded that given the combination of a closing Group cash balance of £1,387.5m at 31 March 2020, together with the additional actions taken to increase liquidity since the year end and the forecast monthly cash utilisation, the Company would have sufficient liquidity throughout this period.

As a result, the Directors have a reasonable expectation that the Group, and therefore the Company, has adequate resources to continue in operational existence for a period of 12 months from the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements for the year ended 31 March 2020.

The Directors' responsibility for preparing the financial statements is explained on pages 5 and 6 and the reporting responsibilities of the Auditor are set out in their report on page 9.

JET2 SUPPORT SERVICES (SPAIN) LIMITED

DIRECTORS' REPORT (continued)

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are Directors at the date of approval of this Directors' 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 Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the 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 Company or to cease operations, or have no realistic alternative but to do so.

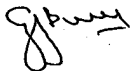
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

JET2 SUPPORT SERVICES (SPAIN) LIMITED

DIRECTORS' REPORT (continued)

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 Company and to prevent and detect fraud and other irregularities.

By order of the board



Gary Brown
Chief Financial Officer
Jet2 Support Services (Spain) Limited
Registered No 10438181
14 August 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JET2 SUPPORT SERVICES (SPAIN) LIMITED

Opinion

We have audited the financial statements of Jet2 Support Services (Spain) Limited ("the Company") for the year ended 31 March 2020 which comprise the Profit and Loss Account and Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in Note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- 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 Company 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

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

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 a year from the date of approval of the financial statements. In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this Auditor's Report is not a guarantee that the Company will continue in operation.

Directors' Report

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

Our responsibility is to read 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 Directors' Report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- the Directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on pages 5 and 6, 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 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 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.



Nick Plumb (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

1 Sovereign Square

Sovereign Street

Leeds

LS1 4DA

14 August 2020

JET2 SUPPORT SERVICES (SPAIN) LIMITED

PROFIT AND LOSS ACCOUNT AND STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2020

	<i>Note</i>	2020 £000	2019 £000
REVENUE	4	14,252	10,432
Net operating expenses	5	(13,323)	(9,531)
OPERATING PROFIT		929	901
Net finance expense	6	(3)	(107)
PROFIT BEFORE TAXATION		926	794
Taxation	8	(265)	(202)
PROFIT FOR THE FINANCIAL YEAR		661	592

The notes on pages 13 to 24 form an integral part of these financial statements.

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

There are no items of comprehensive income other than the profit for the year of £nil (2019: £nil).

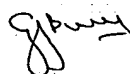
JET2 SUPPORT SERVICES (SPAIN) LIMITED

BALANCE SHEET

at 31 March 2020

	Note	2020 £000	2019 £000 Restated
FIXED ASSETS			
Property, plant and equipment	9	347	416
		347	416
CURRENT ASSETS			
Debtors	10	7,391	4,263
Cash and cash equivalents		6,001	3,760
		13,392	8,023
CREDITORS: amounts falling due within one year	11	(12,328)	(7,704)
NET CURRENT ASSETS		1,064	319
TOTAL ASSETS LESS CURRENT LIABILITIES		1,411	735
CREDITORS: amounts falling due after more than one year			
Lease liabilities	12	(23)	(6)
Deferred taxation	13	(4)	(6)
NET ASSETS		1,384	723
SHAREHOLDER'S EQUITY			
Called up share capital	14	-	-
Profit and loss account		1,384	723
TOTAL SHAREHOLDER'S EQUITY		1,384	723

The accounts were approved by the Board of Directors at a meeting held on 14 August 2020 and were signed on its behalf by:



Gary Brown
Chief Financial Officer

Jet2 Support Services (Spain) Limited
Registered No 10438181

Figures shown for the year ended 31 March 2019 have been restated as detailed in Note 17.

JET2 SUPPORT SERVICES (SPAIN) LIMITED

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2020

	Share capital	Profit and loss account	Total shareholder's equity
	£000	£000	£000
Balance as at 31 March 2018	-	131	131
Total comprehensive income	-	592	592
Balance at 31 March 2019	-	723	723
Total comprehensive income	-	661	661
Balance at 31 March 2020	-	1,384	1,384

Figures shown for the year ended 31 March 2019 have been restated as detailed in Note 17.

JET2 SUPPORT SERVICES (SPAIN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

Jet2 Support Services (Spain) Limited is a company incorporated in England & Wales and 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 and adopted 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 other Group companies;
- capital management;
- the effects of new but not yet effective International Financial Reporting Standards ("IFRS");
- a statement of financial position as at the beginning of the preceding period when applying an accounting policy retrospectively or making a retrospective restatement; and
- compensation of key management personnel.

As the consolidated financial statements of its ultimate parent company, Dart Group plc, include the equivalent disclosures, the Company has also taken the exemptions available under FRS 101 in respect of the following disclosures:

- IFRS 2 – *Share-based Payment* 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 financial statements of the Company are presented in pounds sterling which is the Company's functional currency. All values are rounded to the nearest thousand £, except where indicated otherwise.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 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.

JET2 SUPPORT SERVICES (SPAIN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. ACCOUNTING POLICIES

Going concern

The Company provides leisure travel support services exclusively to **Jet2holidays** customers who fly on **Jet2.com** flights and, accordingly, its financial performance is inextricably linked with the performance of the rest of the Group.

The Directors have prepared financial forecasts for the Group, comprising profit before and after taxation, balance sheets and cash flows through to 31 March 2023.

For the purpose of assessing the appropriateness of the preparation of the Company's accounts on a going concern basis, multiple financial forecast scenarios of increasing severity have been prepared for the Group. Three "no fly" scenarios were produced being: a base case, restarting flying on 1 September 2020; restarting flying on 1 January 2021; and restarting flying on 1 April 2021. All three scenarios assume a gradual ramp up of flying operations, initially running at reduced average load factors and net ticket yields, significantly below historic levels.

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The forecasts also incorporate the following actions taken since 31 March 2020 which have improved the Group's overall liquidity:

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Due to the level of uncertainty of how the operations of the business may emerge from the Covid-19 pandemic, the Directors also modelled a further "no fly" scenario through to 1 August 2021 to assess the liquidity position over the entire going concern period of at least 12 months from the date of signing of this report.

JET2 SUPPORT SERVICES (SPAIN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. ACCOUNTING POLICIES (continued)

The Directors concluded that given the combination of a closing Group cash balance of £1,387.5m at 31 March 2020, together with the additional actions taken to increase liquidity since the year end and the forecast monthly cash utilisation, the Company would have sufficient liquidity throughout this period.

As a result, the Directors have a reasonable expectation that the Group, and therefore the Company, has adequate resources to continue in operational existence for a period of 12 months from the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements for the year ended 31 March 2020.

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 Profit and Loss Account in the results for that period. 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.

Taxation

Taxation on the profit or loss for the year comprises current and deferred taxation. Taxation is recognised in the Profit and Loss Account or the Statement of Comprehensive Income, except to the extent that it relates to items recognised directly in equity, in which case the taxation 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.

JET2 SUPPORT SERVICES (SPAIN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. ACCOUNTING POLICIES (continued)

Property, plant & equipment

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

Plant, vehicles and equipment 3 - 7 years

Right-of-use assets recognised on transition to IFRS 16 – *Leases* are covered within the lease liabilities accounting policy.

Financial instruments

Financial instruments are recognised initially at fair value, normally the transaction price.

The Company classifies its financial assets as measured at amortised cost or fair value through profit and loss. Assets categorised as fair value through profit and loss as at 31 March 2020 are, by concession, deferred via the Statement of Other Comprehensive Income since the movements relate to the effective portion of the cashflow hedge.

The classification of each financial asset is based on whether the business model of the Company is to hold assets to collect contractual cash flows or to benefit from changes in the fair value of assets.

Financial liabilities are classified as measured at amortised cost or fair value through profit and loss.

Trade and other receivables and payables

Trade receivables are recognised at fair value and subsequently measured at amortised cost based on the applicable effective interest rate.

Trade payables, and contract payables, are recognised at fair value and subsequently measured at amortised cost based on the applicable interest rate.

Credit risk

Expected credit losses are recognised as a loss allowance, effectively an impairment of the value of the financial asset. The carrying value presented in the financial statements are net of loss allowances.

The Company has two types of financial asset that are subject to the credit loss model: trade receivables and cash and cash equivalents.

JET2 SUPPORT SERVICES (SPAIN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. ACCOUNTING POLICIES (continued)

The Company makes an assessment to determine whether financial assets are impaired. Credit-impaired receivables would include overdue receivables six months or more past the due date, or receivables where the counterparty's solvency indicates that the Company has no reasonable expectation of recovery. In the latter case, the receivables are written off; in the former case, the expected cash flows are discounted and the difference between the discounted expected cash flows and the face value of the receivable is recognised as a loss allowance, in the form of a provision against doubtful debts.

The Company calculates expected credit losses for its trade receivables using the simplified approach permitted by IFRS 9 – *Financial Instruments*, applicable where the transaction contains no significant financing element. Under the simplified approach, expected lifetime credit losses are recognised.

The Company's policy is to place funds with deposit takers with a long-term credit-rating no lower than A-/A3 and a short-term credit rating no lower than A-2, F2, P2. In the event of the credit ratings for the deposit taker being inconsistent between agencies, the lowest credit rating is taken in making this assessment. Where a rating outlook is negative, the rating is deemed to be one notch lower. As a result, expected credit losses on cash and money market deposits are considered low. However, where a deposit taker is considered to be at risk of default, the expected future cash flows are discounted and the difference from the expected cash inflows recognised as a loss allowance.

Leased Assets

Prior to transition to IFRS 16 – *Leases*, rental charges on operating leases were charged to the profit and loss account on a straight-line basis over the life of the lease. Finance leases were recognised at the inception of the lease at the fair value of the leased asset, or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between the finance charges and the reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Such finance charges were included in the profit and loss account within net financing expense.

Following the transition to IFRS 16, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

JET2 SUPPORT SERVICES (SPAIN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. ACCOUNTING POLICIES (continued)

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes to in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

As permitted, the Company has elected not to apply the requirements of IFRS 16 for either short-term leases or leases of low-value assets. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Cash and cash equivalents

Cash and cash equivalents includes short-term deposits maturing within three months of placement.

3. ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Company's accounting policies, which are described in Note 2, 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.

JET2 SUPPORT SERVICES (SPAIN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

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 made in the application of the Company's accounting policies which would have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The Directors have assessed that there are no 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.

4. REVENUE

Revenue arises from the provision of leisure travel services to group undertakings and from commission earned on excursions provided to the customers of group undertakings. Revenue is recognised in the period in which services are provided and the performance obligations are satisfied.

5. NET OPERATING EXPENSES

	2020 £000	2019 £000 Restated
Staff costs (Note 7)	12,516	9,147
Depreciation (Note 9)	122	50
Other operating charges	685	334
	<u>13,323</u>	<u>9,531</u>

6. NET FINANCE EXPENSE

	2020 £000	2019 £000
Interest payable	30	22
Foreign exchange (gains) / losses	(27)	85
	<u>3</u>	<u>107</u>

JET2 SUPPORT SERVICES (SPAIN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. STAFF COSTS

	2020	2019
	£000	£000
Wages and salaries	9,797	7,180
Social security costs	2,719	1,967
	<u>12,516</u>	<u>9,147</u>

	Number	Number
<i>Average number of employees during the year including Directors:</i>		
Operations	378	331
Administration	41	20
	<u>419</u>	<u>351</u>

The Directors did not receive any remuneration from the Company during the year.

During the year Philip Meeson, Stephen Heapy and Gary Brown were paid by the Company's ultimate parent company Dart Group plc. During the year all other Directors were paid by **Jet2.com** Limited, a fellow subsidiary undertaking of Dart Group plc.

Details of their remuneration are disclosed in the accounts of that company.

8. TAXATION

	2020	2019
	£000	£000
Current taxation:		
UK corporation taxation based upon the profits for the year		
- current year	248	190
- prior year	19	6
	<u>267</u>	<u>196</u>
Deferred taxation:		
Origination and reversal of timing differences:		
- current year	(11)	6
- prior year	9	-
	<u>(2)</u>	<u>6</u>
Total taxation charge for the year	<u>265</u>	<u>202</u>

Under legislation substantively enacted on 17 March 2020, the UK tax rate, previously advised as 17%, will remain at 19% from 1 April 2020 onwards. As a result, Deferred tax in the year has been provided at 19% (2019: 17%).

JET2 SUPPORT SERVICES (SPAIN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. TAXATION (continued)

The current taxation assessed for the year was higher than the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £000	2019 £000
Profit before taxation	<u>926</u>	<u>794</u>
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	176	151
Corporation tax rates differences	59	48
Difference between current and deferred tax rates	2	(3)
Changes in estimates relating to prior years	28	6
Total taxation charge for the year	<u><u>265</u></u>	<u><u>202</u></u>

9. PROPERTY, PLANT AND EQUIPMENT

	Plant, vehicles and equipment £000	Right-of-use assets £000 Restated	Total £000 Restated
Cost:			
As at 31 March 2019	457	11	468
Additions	19	34	53
Disposals	-	(3)	(3)
At 31 March 2020	<u>476</u>	<u>42</u>	<u>518</u>
Depreciation:			
As at 31 March 2019	(48)	(4)	(52)
Charge for the year	(113)	(9)	(122)
Disposals	-	3	3
At 31 March 2020	<u>(161)</u>	<u>(10)</u>	<u>(171)</u>
Net book value at 31 March 2020	<u>315</u>	<u>32</u>	<u>347</u>
Net book value at 31 March 2019	409	7	416

10. DEBTORS

	2020 £000	2019 £000
Trade debtors	-	7
Other debtors and prepayments	8	28
VAT recoverable	12	6
Amounts due from Group undertakings	<u>7,371</u>	<u>4,222</u>
	<u><u>7,391</u></u>	<u><u>4,263</u></u>

JET2 SUPPORT SERVICES (SPAIN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. CREDITORS

	2020 £000	2019 £000 Restated
Corporation tax	71	181
Lease liabilities	9	1
Other creditors and accruals	2,047	430
Amounts due to Group undertakings	10,201	7,092
	<u>12,328</u>	<u>7,704</u>

12. LEASE LIABILITIES

	2020 £000	2019 £000 Restated
Lease liabilities are repayable as follows:		
Within one year	9	1
Between one and two years	8	2
Between two and five years	15	3
Over five years	-	1
	<u>32</u>	<u>7</u>

13. DEFERRED TAXATION

Deferred taxation arising from:

	Total £000
Opening at 1 April 2019	6
Charged to profit and loss account	
- Current year	(2)
- Prior year	-
Closing at 31 March 2020	<u>4</u>

	2020 £000	2019 £000
Deferred taxation (asset) / liability breakdown:		
Short-term timing differences	(4)	-
Accelerated capital allowances	8	6
	<u>4</u>	<u>6</u>

There are no unrecognised deferred taxation balances at 31 March 2020 (2019: £nil).

JET2 SUPPORT SERVICES (SPAIN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. SHARE CAPITAL

	2020	2019
	£000	£000
<i>Allotted, called up and fully paid</i>		
1 ordinary share of £1 each	-	-

15. 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.

16. ULTIMATE PARENT UNDERTAKING

The parent undertaking of the smallest and largest group of undertakings, for which group accounts are drawn up and of which the Company is a member, is Dart Group plc. Remuneration paid to the Auditor for their services to the Company was borne by 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 Airport, Leeds, LS19 7TU.

17. RESTATEMENT OF PRIOR YEAR FINANCIAL STATEMENTS

The following tables summarise the restatement of previously reported financial statements.

The impact of IFRS 16 on the year ended 31 March 2019 is:

- to capitalise right-of-use assets in respect of aircraft and properties previously accounted for as operating leases under IAS 17; and
- to replace operating lease expenses, within net operating expenses, with depreciation charges on the right-of-use assets recognised, and interest expenses, within finance expense, as the discount on the lease liability unwinds.

The impact of the transition to IFRS 16 – *Leases* on the Profit and Loss Account in the year ended 31 March 2019 is an increase in depreciation of £2,000 and a decrease in other operating charges of £2,000, as restated in Note 5.

JET2 SUPPORT SERVICES (SPAIN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. RESTATEMENT OF PRIOR YEAR FINANCIAL STATEMENTS (continued)

Balance Sheet

at 31 March 2019

	Year ended 31 March 2019 As restated £m	Year ended 31 March 2019 IFRS 16 Adjustments £m	Year ended 31 March 2019 As originally reported £m
Non-current assets			
Property, plant and equipment	416	7	409
	416	7	409
Current assets			
Debtors	4,263	-	4,263
Cash and cash equivalents	3,760	-	3,760
	8,023	-	8,023
Creditors: amounts falling due within one year	(7,704)	(1)	(7,703)
Net current assets	319	(1)	320
Total assets less current liabilities	735	6	729
Creditors: amounts falling due after more than one year			
Lease liabilities	(6)	(6)	-
Deferred taxation	(6)	-	(6)
Net assets	723	-	723
Shareholders' equity			
Share capital	-	-	-
Retained earnings	723	-	723
Total shareholders' equity	723	-	723