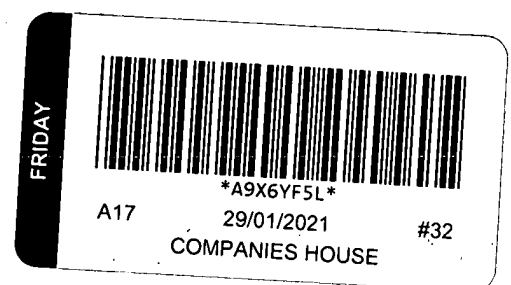


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easyJet Sterling Limited

Financial Statements
Year ended 30 September 2020
Company Number FC028896



easyJet Sterling Limited
Financial Statements
Year ended 30 September 2020

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easyJet Sterling Limited

Financial Statements

Year ended 30 September 2020

Statement of Directors' responsibilities

The Directors are responsible for preparing the non-statutory financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union for management purposes. The Directors must not approve the non-statutory financial statements unless they are satisfied that they have been properly prepared, in all material respects, in accordance with the basis of preparation and accounting policies in note 1 to the non-statutory financial statements. In preparing these non-statutory financial statements, the Directors have:

- selected suitable accounting policies and then applied them consistently;
- made judgements and accounting estimates that are reasonable and prudent;
- stated the basis of preparation and accounting policies applied; and
- prepared the non-statutory financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors

The Directors who held office during the year and up to the date of this report are as follows:

Andrew Findlay

Robert Carey (resigned 9 December 2020)

Ann-Sophie Everest (appointed 16 December 2020)

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Year ended 30 September 2020

Income statement

	Note	2020 £ 000	2019 £ 000
Revenue		759	7,572
Other operating income and expense		(17,808)	(17,017)
Loss before interest, tax and depreciation		(17,049)	(9,445)
Depreciation	7	(592)	(4,035)
Operating loss		(17,641)	(13,480)
Interest receivable and other financing income		1,148	514
Interest payable and other financing charges		(24)	(979)
Net finance income/(charge)	5	1,124	(465)
Loss before tax	2	(16,517)	(13,945)
Tax credit	6	3,274	2,172
Total comprehensive expense for the year		(13,243)	(11,773)

All results relate to continuing operations.

There is no recognised 'Other comprehensive income' in either year other than those set out above. Accordingly, no statement of comprehensive income is presented.

easyJet Sterling Limited
Financial Statements
Year ended 30 September 2020

Statement of financial position

	Note	2020 £ 000	2019 £ 000
Non-current assets			
Property, plant and equipment	7	-	23,056
		-	23,056
Current assets			
Trade and other receivables	8	50,228	46,208
Deferred tax assets	6	179	-
		50,407	46,208
Current liabilities			
Trade and other payables	9	(1,719)	(1,701)
Current tax liabilities		-	(1,886)
Accruals and deferred income		-	(859)
		(1,719)	(4,446)
Net current assets		48,688	41,762
Non-current liabilities			
Deferred tax liabilities	6	-	(2,887)
		-	(2,887)
Net assets		48,688	61,931
Shareholders' equity			
Share capital	10	-	-
Retained earnings		48,688	61,931
Total equity		48,688	61,931

The financial statements on pages 2 to 14 were approved by the Board of Directors and authorised for issue on 18 December 2020 and signed on behalf of the Board.



Andrew Findlay
Director

easyJet Sterling Limited
Financial Statements
Year ended 30 September 2020

Statement of changes in equity

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 October 2019	-	62,073	62,073
Total comprehensive loss	-	(13,099)	(13,099)
At 30 September 2020	-	48,974	48,974

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 October 2018	-	73,703	73,703
Total comprehensive loss	-	(11,630)	(11,630)
At 30 September 2019	-	62,073	62,073

easyJet Sterling Limited
Financial Statements
Year ended 30 September 2020

Statement of cash flows

	Note	2020 £ 000	2019 £ 000
Cash flows from operating activities			
Cash utilised in operations	11	(3,791)	(28,296)
Interest received		1	-
Interest paid		(47)	(61)
Net cash utilised in operating activities		(3,837)	(28,357)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		3,837	28,357
Net cash from investing activities		3,837	28,357
Cash and cash equivalents at beginning and end of year			
		-	-

Amounts are paid for the purchase of property, plant and equipment and tax by easyJet Airline Company Limited, a fellow group undertaking. The payables for these and intercompany interest are settled through the intercompany account.

easyJet Sterling Limited

Year ended 30 September 2020

Notes to the financial statements

1 Significant accounting policies

Statement of compliance

The registered office of the Company is FCM Limited, Governors' Square, West Bay Road #1-205, P.O.Box 1982 Grand Cayman, KY1-1104, Cayman Islands and its company number is 145457. The Company's overseas company number registered at Companies House is FC028896.

The principal activity of the Company is aircraft trading and leasing.

The Company is incorporated in the Cayman Islands. Its financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, taking into account IFRS Interpretations Committee (IFRSIC) interpretations.

Basis of preparation

These financial statements are prepared based on the historical cost convention except for derivative financial instruments that are measured at fair value.

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

The Company trades exclusively with other companies within the easyJet Group and, consequently, there is limited risk to future revenues. On the basis of their assessment of the Company's financial position and of the enquiries made of the Directors of easyJet plc, the Company's Directors have a reasonable expectation that the Company will be able to continue in operational existence for at least 12 months. The Directors recognise that the occurrence of multiple downside potential risks within easyJet Group companies, including cash collateralisation of unearned revenue by card acquirers and easyJet's ability to obtain additional funding represents a material uncertainty at the date of this report that could cast significant doubt upon the support available to the Company from the Group and therefore impact the Company's ability to continue as a going concern. Taking this into account, the Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

These financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

Significant judgements and estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Although these estimates are based on the Directors' best knowledge of the amount, events or actions may mean that actual results ultimately differ from those estimates, and these differences may be material. The estimates and underlying assumptions are reviewed regularly.

Aircraft are depreciated over their useful economic life to their residual values in line with the property plant and equipment accounting policy. A review has been performed and the existing residual value amounts have been determined to be appropriate. However, in light of the global pandemic, the longer-term impact on the airline industry is currently uncertain and the market for aircraft transactions has also slowed. Should future demand fall significantly below current expectations there could be a risk that the recoverable amount for some aircraft assets falls below their current carrying value or that residual values are subject to significant deterioration.

No other significant judgements or estimates have been made in preparing these financial statements.

Foreign currencies

The financial statements are presented in sterling, rounded to the nearest thousand, which is the Company's functional currency. Transactions arising in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling using the rate of exchange ruling at the date of the statement of financial position and the gains or losses on translation are included in the income statement. Non-monetary assets and liabilities denominated in foreign currencies are translated into sterling at foreign exchange rates ruling at the dates the transactions were effected.

Revenue recognition

Revenues represent amounts (excluding value added tax) derived from the rental of aircraft to other group companies. Revenue is recognised on the date that the right to receive consideration occurs as this is the point the performance obligation of providing the leased aircraft is complete.

Other operating income and expense

Other operating income and expense represents gains or losses arising from the disposal of assets and associated maintenance releases.

easyJet Sterling Limited

Year ended 30 September 2020

Notes to the financial statements

1 Significant accounting policies (continued)

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation. Depreciation is calculated to write off the cost, less estimated residual value, of assets, on a straight line basis over their expected useful lives. Expected useful lives are reviewed annually.

	Expected useful life
Aircraft	23 years
Aircraft – prepaid maintenance	7-10 years

Residual values, where applicable, are reviewed annually against prevailing market rates at the end of the reporting period for equivalently aged assets and depreciation rates are adjusted accordingly on a prospective basis. The carrying value is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. For aircraft, the Company is dependent on Airbus as its sole supplier. This gives rise to a valuation risk which crystallises when aircraft exit the fleet, where the Company is reliant on the future demand for second-hand aircraft.

An element of the cost of a new aircraft is attributed on acquisition to prepaid maintenance and is depreciated over a period ranging from seven to ten years from the date of manufacture. Subsequent costs incurred which lend enhancement to future periods, such as long-term scheduled maintenance and major overhauls of aircraft and engines, are capitalised and depreciated over the length of the period benefiting from these enhancements. All other maintenance costs are charged to the income statement as incurred.

Pre-delivery and option payments made in respect of aircraft are recorded in property, plant and equipment at cost. These amounts are not depreciated. Interest attributed to pre-delivery and option payments made in respect of aircraft and other qualifying assets under construction are capitalised and added to the cost of the asset concerned.

Gains and losses on disposals are determined by comparing the net proceeds with the carrying amount and are recognised in the income statement.

Impairment of non-current assets

An impairment loss is recognised to the extent that the carrying value exceeds the higher of the asset's fair value less cost to sell and its value in use. Impairment losses recognised on assets are only reversed where changes in the estimates used result in an increase in recoverable amount.

Financial instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the relevant instrument and derecognised when it ceases to be a party to such provisions.

Where market values are not available, the fair value of financial instruments is calculated by discounting cash flows at prevailing interest rates and by applying year end exchange rates.

Non-derivative financial assets

Non-derivative financial assets are recorded at amortised cost and include trade receivables and cash and cash equivalents and money market deposits.

Cash and cash equivalents comprise cash held in bank accounts with no access restrictions and bank or money market deposits repayable on demand or maturing within three months of inception. Interest income on cash and money market deposits is recognised using the effective interest method. Restricted cash comprises cash deposits which have restrictions governing their use and is classified as a current or non-current asset based on the estimated remaining length of the restriction.

Impairment losses are recognised on financial assets carried at amortised cost where there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of future cash flows, discounted at the original effective interest rate.

If, subsequently, the amount of the impairment loss decreases, and the decrease can be related objectively to an event that occurred after the impairment was recognised, the appropriate portion of the loss is reversed. Both impairment losses and reversals are recognised in the income statement as components of net finance income/charges.

Non-derivative financial liabilities

Non-derivative financial liabilities are initially recorded at fair value less directly attributable transaction costs, and subsequently at amortised cost and include trade and other payables. Interest expense on borrowings is recognised using the effective interest method.

Tax

Tax expense in the income statement consists of current and deferred tax. Tax is recognised in the income statement except when it relates to items credited or charged directly to other comprehensive income or shareholders' equity. The charge for current tax is based

easyJet Sterling Limited
Year ended 30 September 2020
Notes to the financial statements

1 Significant accounting policies (continued)

on the results for the year as adjusted for income that is exempt and expenses that are not deductible using tax rates that are applicable to the taxable income.

Deferred tax is provided in full on temporary differences relating to the carrying amount of assets and liabilities, where it is probable that the recovery or settlement will result in an obligation to pay more, or a right to pay less, tax in the future, except where the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither taxable income nor accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the periods in which recovery of assets and settlement of liabilities are expected to take place, based on tax rates or laws enacted or substantively enacted at the date of the statement of financial position.

Deferred tax assets represent amounts recoverable in future periods in respect of deductible temporary differences, losses and tax credits carried forwards. Deferred tax assets are recognised to the extent that it is probable that there will be suitable taxable profits from which they can be deducted.

Deferred tax liabilities represent the amount of income taxes payable in future periods in respect of taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and it is the intention to settle these on a net basis.

Deferred income

Where aircraft are owned by the Company and leased to other entities within the easyJet group, the cost of aircraft maintenance to be incurred by the Company during maintenance shop visits is accrued (based on flying hours and cycles flown) and is presented as deferred income in the statement of financial position. Deferred income is released and revenue recognised on completion of the shop visit.

Share capital and dividend

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividend distributions to the Company's shareholders are recognised as a liability in the period in which the dividends are approved by the Company's shareholders.

New and revised standards and interpretations

IFRIC 23 has been adopted as at 1 October 2019 with no material impact. There are no standards that are issued but not yet effective that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

easyJet Sterling Limited
Year ended 30 September 2020
Notes to the financial statements

2 Loss before tax

The following have been included in arriving at loss before tax:

	2020	2019
	£ 000	£ 000
Depreciation of property, plant and equipment	592	4,035
Loss on disposal of property, plant and equipment	18,627	19,806

3 Directors' remuneration

None of the Directors received any remuneration in respect of their services to the Company (2019: £nil). The services provided by the Directors to the Company were of negligible value compared to their service provided to easyJet Group.

4 Employees

The Company employed no staff in the current or the prior year.

5 Net finance income/(charge)

	2020	2019
	£ 000	£ 000
Interest receivable and other financing income		
Interest receivable from group undertakings	691	514
Net exchange gains on monetary assets and liabilities	457	-
	1,148	514
Interest payable and other financing charges		
Interest payable to group undertakings	(24)	(31)
Net exchange losses on monetary assets and liabilities	-	(948)
	(24)	(979)
Net finance income/(charge)	1,124	(465)

easyJet Sterling Limited
Year ended 30 September 2020
Notes to the financial statements

6 Tax credit

a) Tax on loss on ordinary activities:

	2020 £ 000	2019 £ 000
Current tax		
United Kingdom corporation tax	475	1,886
Loss relief from Group company	(475)	-
Adjustments in respect of prior years	(208)	-
	(208)	1,886
Deferred tax		
Temporary differences relating to property, plant and equipment	(3,406)	(4,535)
Remeasurement due to enacted rate cancellation	340	477
	(3,066)	(4,058)
Total tax credit	(3,274)	(2,172)

b) Reconciliation of the total tax credit

The tax for the year is lower (2019: higher) with the standard rate of corporation tax in the UK as set out below:

	2020 £ 000	2019 £ 000
Loss on ordinary activities before tax	(16,517)	(13,945)
Tax credit at 19.0% (2019: 19.0%)	(3,139)	(2,649)
Adjustments in respect of prior periods - current tax	(208)	-
Adjustments in respect of prior periods - deferred tax	208	-
Remeasurement due to enacted rate cancellation	340	477
Loss relief from Group company	(475)	-
	(3,274)	(2,172)

c) Deferred tax

The deferred tax liability included in the statement of financial position is as follows:

	Accelerated capital allowances £ 000
At 1 October 2019	2,887
Credited to the income statement	(3,066)
At 30 September 2020	(179)
	Accelerated capital allowances £ 000
At 1 October 2018	6,944
Credited to the income statement	(4,057)
At 30 September 2019	2,887

Although the Company is Cayman Islands incorporated, it has always been, and continues to be, UK tax resident.

easyJet Sterling Limited
Year ended 30 September 2020
Notes to the financial statements

7 Property, plant and equipment

	Aircraft £ 000
Cost	
At 1 October 2019	57,535
Disposals	(57,535)
At 30 September 2020	-
Depreciation	
At 1 October 2019	34,479
Charge for the year	592
Disposals	(35,071)
At 30 September 2020	-
Net book value	
At 30 September 2020	-
At 1 October 2019	23,056
	Aircraft £ 000
Cost	
At 1 October 2018	114,876
Additions	3,336
Disposals	(60,677)
At 30 September 2019	57,535
Depreciation	
At 1 October 2018	42,958
Charge for the year	4,035
Disposals	(12,514)
At 30 September 2019	34,479
Net book value	
At 30 September 2019	23,056
At 1 October 2018	71,918

8 Trade and other receivables

	2020 £ 000	2019 £ 000
Amounts owed by group undertakings (note 15)	50,228	46,208

With respect to trade receivables that are neither impaired nor past due, there are no indications at the reporting date that the payment obligations will not be met as balances are due from other group companies.

Transactions with group undertakings are carried out on an arm's length basis. Outstanding balances are placed on intercompany accounts with no specified credit period, are unsecured and bear market rates of interest.

9 Trade and other payables

	2020 £ 000	2019 £ 000
Amounts owed to group undertakings (note 15)	1,719	1,701

easyJet Sterling Limited
Year ended 30 September 2020
Notes to the financial statements

10 Share capital

	Number		Nominal value (£)	
	2020	2019	2020	2019
Authorised				
Ordinary shares of £1 each	20,000	20,000	20,000	20,000
Allotted, called up and fully paid				
Ordinary shares of £1 each	2	2	2	2

11 Reconciliation of operating loss to cash utilised in operations

	2020	2019
	£ 000	£ 000
Operating loss	(17,640)	(13,480)
Adjustments for:		
Depreciation	592	4,035
Loss on disposals	18,627	19,806
Changes in working capital:		
Increase in trade and other receivables	(5,008)	(31,885)
Increase/(decrease) in trade and other payables	446	(4,123)
Decrease in other non-current liabilities	(808)	(2,649)
	(3,791)	(28,296)

12 Financial instruments

Carrying value and fair value of financial assets and financial liabilities

The fair values of financial assets and liabilities, together with the carrying value at each reporting date are as follows:

At 30 September 2020

	Amortised cost		Carrying value	Fair value
	Loans and receivables	Financial liabilities		
	£ 000	£ 000	£ 000	£ 000
Trade and other receivables	50,228	-	50,228	50,228
Trade and other payables	-	(1,718)	(1,718)	(1,718)

At 30 September 2019

	Amortised cost		Carrying value	Fair value
	Loans and receivables	Financial liabilities		
	£ 000	£ 000	£ 000	£ 000
Trade and other receivables	46,208	-	46,208	46,208
Trade and other payables	-	(1,701)	(1,701)	(1,701)

For the financial instruments for which fair value is disclosed in the tables above, the fair value is classified as level 2 of the IFRS13 'Fair Value Measurement' fair value hierarchy. Level 2 is defined as being the fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) and which are determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is classified as level 2.

Fair value calculation methodology

Where carrying value does not equal fair value, the fair value has been estimated by discounting cash flows at prevailing interest rates and by applying year end exchange rates. For all other financial instruments fair value approximates to carrying value.

easyJet Sterling Limited

Year ended 30 September 2020

Notes to the financial statements

13 Financial risk and capital management

The Company is exposed to financial risks including fluctuations in exchange rates, jet fuel prices and interest rates. These risks are managed at Group level using the policies described in easyJet plc's Annual Report and Accounts for the year ended 30 September 2020.

The Company is exposed to fluctuations in exchange rates (US dollar) and interest rates. easyJet manages its exchange rate and interest rate exposure at group level using the policies described in easyJet plc's Annual Report and Accounts for the year ended 30 September 2020. No company-specific risk management activities are carried out.

Financial instruments affected by market risks include trade and other payables and trade and other receivables. The following analysis illustrates the sensitivity of such financial instruments to changes in relevant foreign exchange and interest rates. It should be noted that the sensitivity analysis reflects the impact on profit or loss after tax for the year and other comprehensive income on financial instruments held at the reporting date. It does not reflect changes in revenue or costs that may result from changing currency rates or interest rates. Each sensitivity is calculated based on all other variables remaining constant. The analysis is considered representative of the Company's exposure over the 12 month period.

The sensitivity analysis is based on the Company's financial assets and liabilities and financial instruments held as at 30 September 2020.

The currency exchange rate analysis assumes a +/-10% change in US dollar and Euro exchange rates.

The interest rate analysis assumes a 1% increase in interest rates over the next 12 months.

Sensitivities are calculated based on a reasonably possible change in the rate applied to the value of financial instruments held at each statement of financial position date.

At 30 September 2020

	Currency rates				Interest rates 1% increase £000
	US dollar 10% £000	US dollar -10% £000	Euro 10% £000	Euro -10% £000	
Income statement impact: (loss)/gain	(1,100)	800	(800)	600	410

At 30 September 2019

	Currency rates				Interest rates 1% increase £000
	US dollar 10% £000	US dollar -10% £000	Euro 10% £000	Euro -10% £000	
Income statement impact: (loss)/gain	(1,200)	900	(800)	600	(200)

The impact of a 1% increase in interest rates is disclosed above. A corresponding decrease in the interest rate results in an equal and opposite impact on the income statement in both reporting periods.

easyJet manages its capital structure at group level using the policies described in easyJet plc's Annual Report and Accounts for the year ended 30 September 2020.

Liquidity risk is managed at a group level using the policies described in easyJet plc's Annual Report and Accounts for the year ended 30 September 2020. The maturity profile of the Company's financial liabilities based on the remaining contractual maturities is set out below. The analysis represents undiscounted gross anticipated future cashflows.

At 30 September 2020

	Within 1 year £000	1-2 years £000	2 - 5 years £000	Over 5 years £000
Trade and other payables	1,718	-	-	-

At 30 September 2019

	Within 1 year £000	1-2 years £000	2 - 5 years £000	Over 5 years £000
Trade and other payables	1,701	-	-	-
Accruals and deferred income	859	-	-	-

easyJet Sterling Limited
Year ended 30 September 2020
Notes to the financial statements

14 Lease income

The future minimum lease payments receivable under non-cancellable intercompany leases are as follows:

	2020	2019
	£ 000	£ 000
Not later than one year		2,997
Later than one year and not later than five years		7,514
	-	10,511

15 Related parties

The Company had transactions in the ordinary course of business during the financial year under review with related parties.

	2020	2019
	£ 000	£ 000
Parent		
Amounts owed from easyJet plc	1,530	1,510
Fellow Group subsidiaries		
Sales to fellow Group subsidiaries	759	7,572
Amounts owed to fellow Group subsidiaries	(1,719)	(1,701)
Amounts owed from fellow Group subsidiaries	48,698	44,696
Asset sale proceeds received from fellow Group subsidiaries	3,836	-

Outstanding balances that relate to trading balances are placed on intercompany accounts with no specified credit period. Intercompany balances owed to and from the Company by group companies are unsecured, bear market rates of interest in accordance with intercompany loan agreements and have no specific repayment terms. Revenue from group companies relates to lease income arising from the dry lease of aircraft to other group companies.

During the current year aircraft related fixed assets additions amounting to nil (2019: £3.3 million) were paid by easyJet Airline Company Limited, a fellow group undertaking. The payable was settled through the inter-company account.

During the period the Company sold aircraft with a carrying value of £22.5 million (2019: £47.6 million), with a loss on disposal of £18.6 million (2019: £19.8 million).

16 Ultimate controlling company

The Company's parent and ultimate controlling company is easyJet plc, incorporated in England and Wales (registered number 03959649).

The only group in which the results of the company are consolidated is that headed up by easyJet plc, financial statements of which can be obtained from easyJet plc, Hangar 89, London Luton Airport, Luton, LU2 9PF, Bedfordshire, United Kingdom or at www.corporate.easyjet.com.