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**easyJet Leasing Limited**

(crn FC028897)

**Financial Statements**  
**Year ended 30 September 2013** ✓

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**easyJet Leasing Limited**  
**Financial Statements**  
**Year ended 30 September 2013**

**Statement of Directors' responsibilities**

The Directors are responsible for preparing the non-statutory financial statements in accordance with the basis of preparation and accounting policies in note 1. 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. They 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.

Each of the persons who is a Director at the date of the approval of these non-statutory financial statements confirms that

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

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**Independent auditors' report to the Directors of easyJet Leasing Limited**

We have audited the non-statutory financial statements of easyJet Leasing Limited for the year ended 30 September 2013 which comprise the Income statement, Statement of comprehensive income, Statement of financial position, Statement of changes in equity, Statement of cash flows and the related notes. These non-statutory financial statements have been prepared on the basis of preparation and accounting policies in note 1 to the non-statutory financial statements.

**Respective responsibilities of the Directors and auditors**

As explained more fully in the Statement of Directors' responsibilities set out on page 1 the Directors are responsible for the preparation of the non-statutory financial statements in accordance with the basis of preparation and accounting policies in note 1 to the non-statutory financial statements. Our responsibility is to audit and express opinion on the non-statutory financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.


This report, including the opinion, has been prepared for and only for the Directors for management purposes in accordance with our engagement letter dated 7 October 2013 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come including without limitation under any contractual obligations of the Company, save where expressly agreed by our prior consent in writing.

**Scope of the audit of the non-statutory financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the non-statutory financial statements sufficient to give reasonable assurance that the non-statutory financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the non-statutory financial statements.

**Opinion on non-statutory financial statements**

In our opinion the non-statutory financial statements for the year ended 30 September 2013 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.



PricewaterhouseCoopers LLP  
Chartered Accountants  
St Albans, Hertfordshire  
United Kingdom  
13 February 2014

**easyJet Leasing Limited**  
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**Income statement**

Year ended 30 September	Note	2013 £ 000	2012 £ 000
Revenue		70,453	76,324
Other operating income		5,137	4,698
<b>Earnings before interest, tax and depreciation</b>		<b>75,590</b>	<b>81,022</b>
Depreciation	7	(22,465)	(23,980)
<b>Operating profit</b>		<b>53,125</b>	<b>57,042</b>
Interest receivable and other financing income		17,719	18,656
Interest payable and other financing charges		(15,625)	(17,288)
Net exchange gains on financing items		17,986	30,709
Net finance income	5	20,080	32,077
<b>Profit before tax</b>	2	<b>73,205</b>	<b>89,119</b>
Tax charge	6	(264)	(19,812)
<b>Profit for the year</b>		<b>72,941</b>	<b>69,307</b>

**Statement of comprehensive income**

Year ended 30 September	2013 £ 000	2012 £ 000
Profit for the year	72,941	69,307
<b>Total comprehensive income for the year</b>	<b>72,941</b>	<b>69,307</b>

All items in other comprehensive income will be re-classified to the income statement

**easyJet Leasing Limited**  
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**Statement of financial position**

At 30 September	Note	2013 £ 000	2012 £ 000
<b>Non-current assets</b>			
Property, plant and equipment	7	396,046	463,616
Restricted cash	9	1,107	1,108
		<b>397,153</b>	<b>464,724</b>
<b>Current assets</b>			
Trade and other receivables	8	1,279,125	1,253,938
Cash and cash equivalents	9	1	-
		<b>1,279,126</b>	<b>1,253,938</b>
<b>Current liabilities</b>			
Bank overdrafts	9	-	(1,939)
Trade and other payables	10	(924,030)	(914,806)
Borrowings	11	(37,620)	(56,622)
Derivative financial instruments	14	-	(6,020)
Current tax liabilities		(18,598)	(20,633)
		<b>(980,248)</b>	<b>(1,000,020)</b>
<b>Net current assets</b>		<b>298,878</b>	<b>253,918</b>
<b>Non-current liabilities</b>			
Borrowings	11	(232,438)	(312,799)
Accruals and deferred income		(140,701)	(148,325)
Deferred tax liabilities	6	(41,545)	(49,112)
		<b>(414,684)</b>	<b>(510,236)</b>
<b>Net assets</b>		<b>281,347</b>	<b>208,406</b>
<b>Shareholders' equity</b>			
Share capital	12	-	-
Retained earnings		281,347	208,406
		<b>281,347</b>	<b>208,406</b>

The financial statements on pages 3 to 19 were approved by the Board of Directors and authorised for issue on 13 February 2014 and signed on behalf of the Board



**Chris Kennedy**  
Director

**easyJet Leasing Limited**  
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**Statement of changes in equity**

	Share capital £ 000	Retained earnings £ 000	Total £ 000
<b>At 1 October 2012</b>	-	208,406	208,406
Total comprehensive income	-	72,941	72,941
<b>At 30 September 2013</b>	-	281,347	281,347

	Share capital £ 000	Retained earnings £ 000	Total £ 000
<b>At 1 October 2011</b>	-	139,099	139,099
Total comprehensive income	-	69,307	69,307
<b>At 30 September 2012</b>	-	208,406	208,406

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**Statement of cash flows**

Year ended 30 September	Note	2013 £ 000	2012 £ 000
<b>Cash flows from operating activities</b>			
Cash generated from operations	13	100,686	92,669
Net interest and other financing charges received / (paid)		15,439	(1,764)
Tax paid		(9,866)	(5,600)
<b>Net cash generated from operating activities</b>		<b>106,259</b>	<b>85,305</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(2,581)	(6,718)
Proceeds from sale of property, plant and equipment		128	176
<b>Net cash used by investing activities</b>		<b>(2,453)</b>	<b>(6,542)</b>
<b>Cash flows from financing activities</b>			
Repayment of bank loans		(96,924)	(77,658)
Repayment of capital elements of finance leases		(4,814)	(4,376)
Decrease in restricted cash		(1)	(1)
<b>Net cash used by financing activities</b>		<b>(101,739)</b>	<b>(82,035)</b>
Effect of exchange rate changes		(127)	246
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>1,940</b>	<b>(3,026)</b>
Cash and cash equivalents at beginning of year		(1,939)	1,087
<b>Cash and cash equivalents / (bank overdrafts) at end of year</b>	9	<b>1</b>	<b>(1,939)</b>

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**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 113232

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 (EU) taking into account International Financial Reporting Interpretations Committee (IFRIC) 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

These financial statements are prepared on the going concern basis, which the Directors consider appropriate, as the ultimate holding Company, easyJet plc, has confirmed its intention to provide the necessary financial support for the foreseeable future

**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 management's best knowledge of the amount, events or actions may mean that actual results ultimately differ from those estimates, and these differences may be material. No significant judgements or estimates have been made in preparing these accounts

**Foreign currencies**

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 balance sheet date and (except where the asset or liability is designated as a cash flow hedge) 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

**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

	<b>Expected useful life</b>
Aircraft	23 years
Aircraft spares	14 years
Aircraft – prepaid maintenance	3-10 years

Aircraft held under finance leases are depreciated over the shorter of the lease term and their expected useful lives, as shown above

Residual values, where applicable, are reviewed annually against prevailing market rates at the balance sheet date for equivalently aged assets and depreciation rates 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

An element of the cost of a new aircraft is attributed on acquisition to prepaid maintenance and is depreciated over a period ranging from three to ten years from the date of manufacture. Subsequent costs incurred which lend enhancement to future periods such as



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long term scheduled maintenance and major overhaul of aircraft and engines, are capitalised and depreciated over the length of period benefiting from these enhancements. All other maintenance costs are charged to the income statement as incurred.

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.

**Leases**

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are 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 are apportioned between the finance charges and the reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are included in interest payable and other financing charges.

**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, cash 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.

*Non-derivative financial liabilities*

Non-derivative financial liabilities are initially recorded at fair value less directly attributable transaction costs, and subsequently at amortised cost.

Borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Interest expense on borrowings is recognised using the effective interest method.

*Derivative financial instruments*

Derivative financial instruments are measured at fair value.

Derivative financial instruments designated as cash flow hedges are used to mitigate operating and investing transaction exposures to movements in currency exchange rates. Hedge accounting is applied to these instruments.

Changes in intrinsic fair value are recognised in other comprehensive income to the extent that the cash flow hedges are determined to be effective. All other changes in fair value are recognised immediately in the income statement. Where the hedged item results in a non-financial asset or liability the accumulated gains and losses previously recognised in other comprehensive income form part of the

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#### **Notes to the financial statements**

initial carrying amount of the asset or liability. Otherwise accumulated gains and losses are recognised in the income statement in the same period in which the hedged items affect the income statement.

Hedge accounting is discontinued when a hedging instrument is derecognised (e.g. through expiry or disposal), or no longer qualifies for hedge accounting. Where the hedged item is a highly probable forecast transaction, the related gains and losses remain in shareholders' equity until the transaction takes place.

When a hedged future transaction is no longer expected to occur, any related gains and losses previously recognised in shareholders' equity are immediately recognised in the income statement.

#### **Tax**

Tax expense in the income statement consists of current and deferred tax. The charge for current tax is based 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. Tax is recognised in the income statement except when it relates to items credited or charged directly to other comprehensive income, in which case it is recognised in other comprehensive 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, with the following exceptions:

- 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 arising on investments in subsidiaries, associates and joint ventures, is not recognised where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is measured on an undiscounted basis 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 forward. 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.

#### **Impact of new International Financial Reporting Standards**

The following standards and interpretations issued by the International Accounting Standards Board have been implemented for the year ended 30 September 2013:

##### *Revised standard*

IAS 1 Presentation of Items of Other Comprehensive Income  
IAS 12 Deferred Tax (Recovery of Underlying Assets)

The adoption of these standards and interpretations has not led to any changes in accounting policies.

#### **New and revised standards and interpretations not applied**

The following new or revised standards and interpretations issued by the International Accounting Standards Board have not been applied in preparing these accounts as their effective dates fall in periods beginning after 1 October 2013:

##### *Effective for the year ended 30 September 2014*

IAS 19 Employee benefits  
IFRS 1 First-time Adoption of International Financial Reporting Standards – Government Loans  
IFRS 7 Financial Instruments: Disclosure – Offsetting Financial Assets and Financial Liabilities  
IFRS 13 Fair Value Measurement  
Annual Improvements to IFRS 2009 – 2011 Cycle

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*Effective for the year ended 30 September 2015*

IAS 27 Separate Financial Statements

IAS 28 Investments in Associates and Joint Ventures

IAS 32 Financial Instruments Presentation – Offsetting Financial Assets and Financial Liabilities

IAS 36 Recoverable Amounts Disclosure for Non-Financial Assets

IFRIC 21 Levies

IFRS 10 Consolidated Financial Statements

IFRS 11 Joint Arrangements

IFRS 12 Disclosures of Interests in Other Entities

The Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Company's accounts. Certain of these standards and interpretations will, when adopted, require addition to or amendment of disclosures in the accounts.

## 2 Profit before tax

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

	2013 £ 000	2012 £ 000
Not later than one year	66,959	71,036
Later than one year and not later than five years	220,116	226,435
Later than five years	37,720	39,994
	<b>324,795</b>	<b>337,465</b>

The Company's original operating lease terms are for between seven and ten years.

The following have been included in arriving at profit before tax

	2013 £ 000	2012 £ 000
Depreciation of property, plant and equipment		
Owned assets	18,866	20,471
Under finance leases	3,599	3,509

Auditors' remuneration for the years ended 30 September 2013 and 2012 has been borne by another easyJet group company.

## 3 Directors' remuneration

None of the Directors received any remuneration in respect of their services to the Company (2012: £nil). The services provided by the Directors to the Company were of negligible value related to their service provided to the group.

## 4 Employees

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

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**5 Net finance income**

	<b>2013</b>	<b>2012</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Interest receivable and other financing income</b>		
Interest receivable from group undertakings	<b>17,719</b>	18,645
Interest income	-	11
	<b>17,719</b>	18,656
<b>Interest payable and other financing charges</b>		
Interest payable on bank borrowings	<b>(2,831)</b>	(4,279)
Interest payable on finance lease obligations	<b>(2,268)</b>	(2,386)
Interest payable to group undertakings	<b>(10,526)</b>	(10,623)
	<b>(15,625)</b>	(17,288)
<b>Net exchange gains (note 14)</b>	<b>17,986</b>	30,709
	<b>20,080</b>	32,077

**6 Tax charge**

**a) Tax on profit on ordinary activities**

	<b>2013</b>	<b>2012</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Current tax</b>		
United Kingdom corporation tax	<b>18,598</b>	21,373
Prior year adjustments	<b>(10,767)</b>	1,805
	<b>7,831</b>	23,178
<b>Deferred tax</b>		
Temporary differences relating to property, plant and equipment	<b>(1,365)</b>	902
Prior year adjustments	-	3
Change in tax rate	<b>(6,202)</b>	(4,271)
	<b>(7,567)</b>	(3,366)
	<b>264</b>	19,812

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**b) Reconciliation of the total tax charge**

The tax for the year is lower (2012 lower) than the standard rate of corporation tax in the UK as set out below

	2013 £ 000	2012 £ 000
Profit on ordinary activities before tax	73,205	89,119
Tax at 23.5% (2012 25%)	17,203	22,280
Expense / (income) not deductible / (taxable)	30	(5)
Adjustments in respect of prior periods - current tax	(10,767)	1,805
Adjustments in respect of prior periods - deferred tax	-	3
Change in tax rate	(6,202)	(4,271)
	<b>264</b>	<b>19,812</b>

**c) Deferred tax**

The deferred tax included in the balance sheet is as follows

	Accelerated capital allowances £ 000
At 1 October 2012	49,112
Credited to the income statement	(7,567)
<b>At 30 September 2013</b>	<b>41,545</b>
	Accelerated capital allowances £ 000
At 1 October 2011	52,478
Credited to the income statement	(3,366)
<b>At 30 September 2012</b>	<b>49,112</b>

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

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**7 Property, plant and equipment**

	Aircraft £ 000
<b>Cost</b>	
At 1 October 2012	591,501
Additions	2,581
Transfer to easyJet Airline Company Limited (note 17)	(67,493)
Disposals	(911)
<b>At 30 September 2013</b>	<b>525,678</b>
<b>Depreciation</b>	
At 1 October 2012	127,885
Charge for the year	22,465
Transfer to easyJet Airline Company Limited (note 17)	(19,935)
Disposals	(783)
<b>At 30 September 2013</b>	<b>129,632</b>
<b>Net book value</b>	
<b>At 30 September 2013</b>	<b>396,046</b>
At 1 October 2012	463,616

	Aircraft £ 000
<b>Cost</b>	
At 1 October 2011	585,167
Additions	6,718
Disposals	(384)
<b>At 30 September 2012</b>	<b>591,501</b>
<b>Depreciation</b>	
At 1 October 2011	104,086
Charge for the year	23,980
Disposals	(181)
<b>At 30 September 2012</b>	<b>127,885</b>
<b>Net book value</b>	
<b>At 30 September 2012</b>	<b>463,616</b>
At 1 October 2011	481,081

The Company holds six (2012 six) aircraft under finance leases with a net book value, at 30 September 2013, of £59,800,000 (2012 £62,975,000) £3,599,000 of the related accumulated depreciation was charged in the year ended 30 September 2013 (2012 £3,509,000)

As at 30 September 2013, aircraft with a net book value of £246,590,000 (2012 £386,629,000) were mortgaged to lenders as security for loans

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**8 Trade and other receivables**

	2013 £ 000	2012 £ 000
Amounts owed by group undertakings (note 17)	1,279,125	1,253,938
	<b>1,279,125</b>	<b>1,253,938</b>

Concentrations of credit risk with respect to trade and other receivables are limited and default is unlikely as they are due from group companies

**9 Cash and cash equivalents**

	2013 £ 000	2012 £ 000
Cash and cash equivalents / (bank overdrafts)	1	(1,939)
Non-current restricted cash	1,107	1,108
	<b>1,108</b>	<b>(831)</b>

**10 Trade and other payables**

	2013 £ 000	2012 £ 000
Amounts owed to group undertakings (note 17)	922,655	913,820
Accruals	1,375	986
	<b>924,030</b>	<b>914,806</b>

**11 Borrowings**

	Current £ 000	Non-current £ 000	Total £ 000
<b>At 30 September 2013</b>			
Bank loans	32,739	145,132	177,871
Finance lease obligations	4,881	87,306	92,187
	<b>37,620</b>	<b>232,438</b>	<b>270,058</b>
	Current £ 000	Non-current £ 000	Total £ 000
<b>At 30 September 2012</b>			
Bank loans	52,050	220,440	272,490
Finance lease obligations	4,572	92,359	96,931
	<b>56,622</b>	<b>312,799</b>	<b>369,421</b>

Bank loans, which bear interest at variable rates linked to LIBOR, were drawn down to finance the acquisition of aircraft that have been mortgaged to the lender to provide security. None of the agreements contain financial covenants to be met.

Finance lease obligations relate to aircraft and bear interest partly at fixed rates and partly at variable rates linked to LIBOR.

The maturity profile of the borrowings is set out in note 15.

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**12 Share capital**

	2013 Number	2012 Number
<b>Authorised</b>		
Ordinary shares of US \$1 each	50,000	50,000
<b>Allotted, called up and fully paid</b>		
Ordinary shares of US \$1 each	2	2

**13 Reconciliation of operating profit to cash generated from operations**

	2013 £ 000	2012 £ 000
Operating profit	53,125	57,042
<b>Adjustments for</b>		
Depreciation	22,465	23,980
Loss on disposal of property, plant and equipment	-	29
<b>Changes in working capital</b>		
Increase in trade and other receivables	(24,934)	(19,144)
Increase in trade and other payables	56,705	2,153
Increase in derivative financial instruments	-	6,180
(Decrease) / increase in other non-current liabilities	(6,675)	22,429
	<b>100,686</b>	<b>92,669</b>

**14 Financial instruments**

At 30 September 2013

	Amortised cost			
	Loans and receivables £ 000	Financial liabilities £ 000	Carrying value £ 000	Fair value £ 000
Restricted cash	1,107	-	1,107	1,107
Trade and other receivables	1,279,125	-	1,279,125	1,279,125
Cash and cash equivalents	1	-	1	1
Trade and other payables	-	(924,030)	(924,030)	(924,030)
Borrowings	-	(270,058)	(270,058)	(275,280)



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**At 30 September 2012**

		Amortised cost	Held at fair value		
	Loans and receivables £ 000	Financial liabilities £ 000	Held for trading £ 000	Carrying value £ 000	Fair value £ 000
Restricted cash	1,108	-	-	1,108	1,108
Derivative financial liabilities	-	-	(6,020)	(6,020)	(6,020)
Trade and other receivables	1,253,938	-	-	1,253,938	1,253,938
Cash and cash equivalents	(1,939)	-	-	(1,939)	(1,939)
Trade and other payables	-	(914,806)	-	(914,806)	(914,806)
Borrowings	-	(369,421)	-	(369,421)	(373,355)

*Fair value calculation methodology*

Derivative financial instruments comprise forward contracts, detailed in the fair value analysis below, and are valued based on market rates and market-accepted models

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.

Non-financial instruments represent amounts recognised in the statement of financial position for the line items disclosed above that do not meet the definition of a financial instrument and are disclosed in order to provide sufficient information to permit reconciliation of the carrying values above those presented in the balance sheet.

Financial instruments are revalued based on exchange rates at the year end date. Amounts recorded in the income statement are as follows:

	2013 £ 000	2012 £ 000
Unrealised gains / (losses) on derivative financial instruments	6,020	(6,020)
Unrealised revaluation gains on other monetary assets and liabilities	242	20,265
Unrealised revaluation (losses) / gains on non-derivative financial instruments	(794)	19,128
Realised gains / (losses) on derivative financial instruments	12,518	(2,664)
<b>Total (note 5)</b>	<b>17,986</b>	<b>30,709</b>

**Fair value of derivative financial instruments**

As at 30 September 2013, there were no derivatives held for trading.

**At 30 September 2012**

	Quantity USD million	Assets £000	Liabilities £000
<i>Designated as held for trading</i>			
Forward US dollar contracts	584	-	(6,020)
	584	-	(6,020)

Quantity represents the nominal value of current contracts held, disclosed in the contract currency.

easyJet Airline Company Limited, a group undertaking, maintains relationships in the financial markets on behalf of the group and acts as agent for other group companies. In this capacity easyJet Airline Company Limited had entered into a number of contracts on behalf of easyJet Leasing Limited. The purpose of these contracts was to hedge the Company's transaction currency risk and manage exposure to non-group financial liabilities denominated in US dollars.

All derivative financial instruments are in level 2 of the IFRS 7 fair value hierarchy.

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**Derivatives designated as held for trading**

The group had material net monetary liabilities in US dollar at 30 September 2012. In accordance with IAS 21, monetary assets and liabilities are revalued using exchange rates at the year end date. This exposure was managed by the use of forward foreign exchange contracts. Gains and losses on these contracts were allocated to group companies in proportion to their shares of the group's exposure.

The net US dollar monetary liabilities for the Company were as follows

	2012 \$000
Cash and cash equivalents	(3,131)
Net amount owed to group undertakings	(1,119,513)
Borrowings	(580,384)
Accruals and deferred income	(239,590)
Net monetary liabilities	(1,942,618)
Forward US dollar contracts	584,000
	(1,358,618)

**15 Financial risk and capital management**

easyJet 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 2013.

The Company is exposed to fluctuations in exchange rates (US dollar) and interest rates. As this exposure is contained within the easyJet group, no Company-specific risk management activities are carried out.

Financial instruments affected by market risks include borrowings, deposits, payables and derivative financial instruments. The following sensitivity analysis illustrates the sensitivity of such financial instruments to changes in relevant foreign exchange rates. It should be noted that the sensitivity analysis reflects the impact on profit or loss after tax 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, interest rates or fuel prices. Each sensitivity is calculated based on all other variables remaining constant. The analysis below is considered representative of the Company's exposure over the 12 month period.

The currency sensitivity analysis is based on the Company's foreign currency financial instruments held at each balance sheet date taking into account forward exchange contracts that offset effects from changes in the US dollar. The increased sensitivity in the US dollar rate represents sterling weakening against the US dollar with the -10% sensitivity showing a stronger sterling sensitivity. The sensitivity applied to currency rates is based on reasonably possible change in the rate applied to the value of financial instruments at the balance sheet date.

The interest rate analysis assumes a 1% change in interest rates over the reporting year applied to end of year financial instruments.

**At 30 September 2013**

	Currency rates		Interest rates
	usd + 10%	usd - 10%	1% increase
	£000	£000	£000
Income statement impact (loss) / gain	(110,994)	90,813	977

**At 30 September 2012**

	Currency rates		Interest rates
	usd + 10%	usd - 10%	1% increase
	£000	£000	£000
Income statement impact (loss) / gain	(57,721)	47,226	112

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.

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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 2013. No Company-specific capital management activities are carried out.

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 2013. 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.

30 September 2013	Within 1 year £000	1-2 years £000	2 - 5 years £000	Over 5 years £000
Borrowings	41,620	43,156	186,249	13,134
Trade and other payables	924,030	-	-	-

30 September 2012	Within 1 year £000	1-2 years £000	2 - 5 years £000	Over 5 years £000
Borrowings	62,255	54,533	230,743	43,060
Trade and other payables	914,806	-	-	-
Derivative contracts - receipts	(361,542)	-	-	-
Derivative contracts - payments	367,562	-	-	-

## 16 Commitments

Minimum lease payments under finance leases fall due as follows:

	2013 £000	2012 £000
Not later than one year	7,196	6,917
Later than one year but not more than five years	92,980	98,342
	<b>100,176</b>	<b>105,259</b>
Future finance charges on finance leases	(7,989)	(8,328)
<b>Finance lease obligations</b>	<b>92,187</b>	<b>96,931</b>

## 17 Related parties

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

	2013 £ 000	2012 £ 000
Revenue and other gains from group undertakings	70,430	81,030
Purchases and other charges from group undertakings	18,561	8,692
Amounts owed by group undertakings	1,279,125	1,253,938
Amounts owed to group undertakings	922,655	913,820

Transactions with group companies are carried out on an arm's length basis. 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 (note 5) in accordance with intercompany loan agreements and have no

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specific repayment terms Revenue from group companies relate to lease income arising from the dry lease of aircraft to other group companies Purchases from group undertakings relate to realised losses on derivative contracts

During the current year, five aircraft were transferred to easyJet Airline Company Limited for total consideration of £47,558,000 (comprising net book value) The balance receivable in respect of this transaction remains outstanding on the intercompany account This is a non-cash transaction which accordingly has been excluded from the statement of cash flows

easyJet plc has guaranteed the repayment of borrowings that financed the acquisition of aircraft by the Company easyJet plc has also guaranteed the payment of obligations for the lease of aircraft by the Company

**18 Ultimate controlling company**

The Company's parent and ultimate controlling company is easyJet plc, incorporated in England and Wales (registered number 3959649)

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, United Kingdom