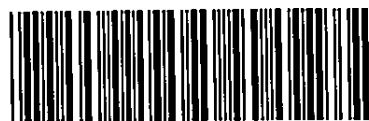


COMPANY NO:- FC028897  
005794/L30

**easyJet Leasing Limited**  
**Financial**  
**statements**  
**30 September 2009**

WEDNESDAY



\*RUSE3IDP\*

RCS

17/03/2010

10

COMPANIES HOUSE

COMPANIES HOUSE

**Contents**

Statement of directors' responsibilities	1
Independent auditors' report to the directors of easyJet Leasing Limited	2
Income statement	3
Balance sheet	4
Cash flow statement	5
Statement of recognised income and expense	6
Notes to the financial statements	7

## Statement of directors' responsibilities

The directors of the Company ('the directors') are responsible for these non-statutory financial statements for the year ended 30 September 2009 which are intended to give a true and fair view of the state of affairs of the Company as at the end of that financial year and of its profit or loss for that year in accordance with International Financial Reporting Standards as adopted by the European Union. In preparing these financial statements, the directors have

- selected suitable accounting policies and then applied them consistently,
- made judgments and estimates that are reasonable and prudent, and
- prepared the financial statements on the going concern basis as they believe that the Company will continue in business

The directors are responsible for keeping adequate accounting records which show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company. The directors 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.

Each of the persons who is a director at the date of the approval of these 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

## 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 2009 which comprise the Income statement, Balance sheet, Cash flow statement, Statement of recognised income and expense 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 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 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.

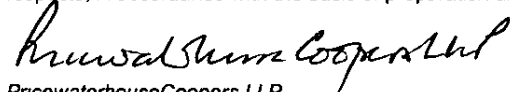
This report, including the opinion, has been prepared for and only for the directors for management purposes in accordance with our engagement letter dated 28 July 2009 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person 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 2009 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  
18 February 2010

# Income statement

## easyJet Leasing Limited Financial Statements 30 September 2009

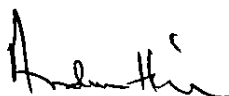
		Year ended 30 September 2009 £000	Year ended 30 September 2008 £000
	Notes		
Revenue		145,756	69,093
Other expenses		(63,510)	(46,639)
Earnings before interest, tax and depreciation		82,246	22,454
Depreciation		(39,225)	(25,601)
Operating profit / (loss)		43,021	(3,147)
Finance income		2,378	24,384
Finance cost		(40,607)	(68,621)
Net finance costs	5	(38,229)	(44,237)
Profit / (loss) before tax	2	4,792	(47,384)
Tax credit / (charge)	6	16,261	(2,488)
Profit / (loss) for the year	14	21,053	(49,872)

# Balance sheet

## easyJet Leasing Limited Financial Statements 30 September 2009

	Notes	30 September 2009 £000	30 September 2008 £000
<b>Non-current assets</b>			
Property, plant and equipment	7	1,351,452	828,720
Restricted cash	10	1,106	976
		1,352,558	829,696
<b>Current assets</b>			
Assets held for sale	8	-	54,979
Trade and other receivables	9	642,443	165,211
Derivative financial instruments	16	23,270	33,512
Cash and cash equivalents	10	2	12
		665,715	253,714
<b>Current liabilities</b>			
Trade and other payables	11	(1,018,699)	(626,642)
Borrowings	12	(81,784)	(29,048)
		(1,100,483)	(655,690)
<b>Net current liabilities</b>		(434,768)	(401,976)
<b>Non-current liabilities</b>			
Borrowings	12	(810,190)	(349,254)
Accruals and deferred income		(133,735)	(78,554)
Deferred tax liabilities	6	(21,054)	(45,950)
		(964,979)	(473,758)
<b>Net liabilities</b>		(47,189)	(46,038)
<b>Shareholders' deficit</b>			
Share capital	13	-	-
Hedging reserve	14	2	22,206
Retained earnings - deficit	14	(47,191)	(68,244)
		(47,189)	(46,038)

The financial statements on pages 3 to 18 were approved by the Board of directors and authorised for issue on 18 February 2010 and signed on behalf of the Board



Andrew Harnson  
Director

# Cash flow statement

## easyJet Leasing Limited Financial Statements 30 September 2009

		Year ended 30 September 2009 £000	Year ended 30 September 2008 £000
	Notes		
<b>Cash flows from operating activities</b>			
Cash generated from operations	15	41,615	209,709
Net interest and other financing charges (paid)/received		(33,542)	19,863
<b>Net cash generated from operating activities</b>		<b>8,073</b>	<b>229,572</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(506,978)	(247,748)
<b>Net cash used by investing activities</b>		<b>(506,978)</b>	<b>(247,748)</b>
<b>Cash flows from financing activities</b>			
Proceeds from drawdown of bank loans		543,059	40,243
Repayment of bank loans		(40,481)	(19,659)
Repayment of capital elements of finance leases		(3,662)	(2,661)
Increase in restricted cash		(23)	(35)
<b>Net cash generated from financing activities</b>		<b>498,893</b>	<b>17,888</b>
Effect of exchange rate changes		2	299
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(10)</b>	<b>11</b>
Cash and cash equivalents at beginning of year		12	1
<b>Cash and cash equivalents at end of year</b>		<b>2</b>	<b>12</b>

Statement of recognised income and expense

		Year ended 30 September 2009 £000	Year ended 30 September 2008 £000
	Notes		
Cash flow hedges			
Fair value gains in year	14	55,067	35,658
Transfers to property, plant and equipment	14	(85,906)	(258)
Related tax	14	8,635	(8,635)
<b>Net (expense) / income recognised directly in shareholders' deficit</b>		<b>(22,204)</b>	<b>26,765</b>
Profit / (loss) for the year	14	21,053	(49,872)
<b>Total recognised expense attributable to shareholders</b>		<b>(1,151)</b>	<b>(23 107)</b>



## Notes to the financial statements

### 1 Accounting policies

#### Basis of preparation

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. IFRS as adopted by the EU differs in certain respects from IFRS as issued by the International Accounting Standards Board (IASB). References to IFRS hereafter should be construed as references to IFRS as adopted by the EU.

#### Basis of preparation

These financial statements are prepared 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. The estimates and underlying assumptions are reviewed regularly. The following accounting policies are considered critical accounting policies as they require a significant amount of management judgement and the results are material to the Company's financial statements.

#### Tax (Note 6)

In drawing up the financial statements, estimates are made of current and deferred tax assets and liabilities. These estimates are affected by transactions and calculations where the ultimate tax determination was uncertain at the time the financial statements were finalised. The issues involved are often complex and may take an extended period to resolve. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

#### Assets held for sale (Note 8)

When an aircraft is held for sale, the carrying value of the asset is assessed by comparison with its fair value less costs to sell the asset. The underlying market for aircraft is conducted in US dollars. In the current economic environment, where the market for used aircraft is thin, there are few transactions against which a market comparison of fair value can be made. In these circumstances the Company uses data available from third party agencies and indications of interest from prospective purchasers to estimate the fair value at the balance sheet date. The time it will take to sell the aircraft held for sale is also uncertain, and asset values in sterling could rise or fall before a sale is completed.

#### 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.

	Expected useful life
Aircraft	23 years
Aircraft spares	14 years
Aircraft improvements	3-7 years
Aircraft - prepaid maintenance	3-10 years

Items 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 an element of the cost of a new aircraft is attributed on acquisition to prepaid maintenance and is amortised 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 long term scheduled maintenance and major overhaul of aircraft and engines are capitalised and amortised over the length of period benefiting from these enhancements. All other maintenance costs are charged to the income statement as incurred.

The cost of new aircraft comprises the invoiced price of the aircraft from the supplier less the estimated value of other assets received by the Company for nil consideration. These assets principally comprise cash (recognised as an asset) and aircraft spares and service credits.

Pre delivery and option payments made in respect of aircraft are recorded in property, plant and equipment at cost.

## 1 Accounting policies (continued)

### **Impairment of 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. Any directly attributable costs of entering into financing sale and leasebacks are included in the value of the asset recognised. 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 expense.

### **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. 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. 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.

Impairment losses are recognised on financial assets carried at amortised cost where there is objective evidence that a 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 costs.

Interest income is recognised using the effective interest method.

#### *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 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 shareholders' funds 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 shareholders' funds form part of the initial carrying value 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' funds 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' funds are immediately recognised in the income statement.

## 1 Accounting policies (continued)

### 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 shareholders' funds, in which case it is recognised in shareholders' funds.

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 balance sheet date.

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.

### Assets held for sale

Where assets are available for sale in their current condition, and their disposal is highly probable, they are reclassified as held for sale and are measured at the lower of their carrying value and the fair value less costs to sell. Depreciation ceases at the point of their reclassification from non-current assets.

### New standards and interpretations not applied

The IASB and IFRIC have issued the following standards and interpretations that have not been applied in preparing these accounts as their effective dates fall in periods beginning after 1 October 2008. At 30 September 2009, items indicated below with an asterisk had not been adopted by the European Union.

	Applies to periods beginning on or after
<b>International Accounting Standards Board</b>	
<i>New and revised standards</i>	
IAS 27 Consolidated and Separate Financial Statements (Revised)	1 July 2009
IFRS 1 First Time Adoption of IFRS (Revised)*	1 July 2009
IFRS 3 Business Combinations (Revised)	1 July 2009
IFRS 8 Operating Segments	1 January 2009
IAS 1 Presentation of Financial Statements (Revised)	1 January 2009
IAS 23 Borrowing Costs (Revised)	1 January 2009
IAS 27 Consolidated and Separate Financial Statements (Revised)	1 July 2009
<i>Amendments to standards</i>	
IAS 1 Presentation of Financial Statements (Puttable Financial Instruments and Obligations Arising on Liquidation)	1 January 2009
IAS 32 Financial Instruments Presentation (Puttable Financial Instruments and Obligations Arising on Liquidation)	1 January 2009
IAS 32 Financial Instruments Presentation (Classification of Rights Issues)*	1 February 2010
IAS 39 Financial Instruments Recognition and Measurement (Eligible Hedged Items)	1 July 2009
IAS 39 Financial Instruments Recognition and Measurement (Embedded Derivatives)*	30 June 2009
IFRS 1 First-time Adoption of IFRS (Investment in Subsidiaries)	1 July 2009
IFRS 1 First-time Adoption of IFRS (Additional Exemptions for First-time Adopters)*	1 January 2010
IFRS 2 Share-based Payment (Vesting Conditions and Cancellations)	1 January 2009
IFRS 2 Share-based Payment (Group cash-settled share-based payment transactions)*	1 January 2010
IFRS 7 Financial Instruments Disclosures (Improving Disclosures about Financial Instruments)*	1 January 2009
Improvements to IFRS (2007)	1 January 2009
Improvements to IFRS (2009)*	1 July 2009 and 1 January 2010
<b>International Financial Reporting Interpretations Committee</b>	
IFRIC 9 Reassessment of Embedded Derivatives (Amended)*	30 June 2009
IFRIC 15 Agreements for the Construction of Real Estate	1 January 2009
IFRIC 17 Distribution of Non-Cash Assets to Owners*	1 July 2009
IFRIC 18 Transfers of Assets from Customers*	1 July 2009

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

## 2 Loss before tax

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

	2009 £000	2008 £000
Not later than one year	175,773	90,770
Later than one year and not later than five years	660,799	336,042
Later than five years	542,216	262,792
	1,378,788	689,604

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

The following have been included in arriving at loss before tax

	2009 £000	2008 £000
Depreciation of property, plant and equipment		
Owned assets	36,008	22,344
Under finance leases	3,217	3,257

Remuneration of the auditors for audit of the Company

-

Auditors' remuneration for the year ended 30 September 2009 and 2008 has been borne by another easyJet group company

## 3 Remuneration of directors

None of the directors received any emoluments in relation to their services to the Company (2008 nil). The services provided by the directors to the Company were of negligible value in relation to their service provided to the Group.

## 4 Employees

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

## 5 Net finance costs

	2009 £000	2008 £000
Interest payable on bank borrowings	16,685	12,327
Interest payable on finance lease obligations	3,889	4,208
Interest payable to group undertakings	7,927	45,225
Net exchange losses on financing items	12,106	6,861
<b>Finance costs</b>	<b>40,607</b>	<b>68,621</b>
Interest receivable from group undertakings	(2,123)	(24,367)
Interest income	(255)	(17)
<b>Finance income</b>	<b>(2,378)</b>	<b>(24,384)</b>
<b>Net finance costs</b>	<b>38,229</b>	<b>44,237</b>

## 6 Tax (credit) / charge

### a) Tax on profit / (loss) on ordinary activities

#### Deferred tax

Temporary differences relating to property, plant and equipment	(10,009)	(3,786)
Prior year adjustments	(6,252)	6,274
	(16,261)	2,488
<b>Total tax (credit) / charge in the income statement</b>	<b>(16,261)</b>	<b>2,488</b>

### b) Reconciliation of the total tax (credit)/charge

The tax for the year is lower (2008 higher) than the standard rate of corporation tax in the UK as set out below

	2009 £000	2008 £000
Profit / (loss) on ordinary activities before tax	4,792	(47,384)
Tax charge/(credit) at 28%	1,342	(13,268)
Group relief surrendered for nil consideration	(11,351)	9,482
Adjustments in respect of prior periods - deferred tax	(6,252)	6,274
<b>Total tax (credit)/charge</b>	<b>(16,261)</b>	<b>2,488</b>

### c) Deferred tax

The deferred tax included in the balance sheet is as follows

	Fair value losses / (gains) £000	Accelerated capital allowances £000	Short-term timing differences £000	Total £000
<b>At 1 October 2008</b>	8,635	37,315	-	45,950
Credited to the income statement	-	(16,261)	-	(16,261)
Credited to shareholders' funds	(8,635)	-	-	(8,635)
<b>At 30 September 2009</b>	-	21,054	-	21,054
	Fair value losses / (gains) £000	Accelerated capital allowances £000	Short-term timing differences £000	Total £000
<b>At 1 October 2007</b>	-	35,403	(576)	34,827
Charged to the income statement	-	1,912	576	2,488
Charged to shareholders' funds	8,635	-	-	8,635
<b>At 30 September 2008</b>	8,635	37,315	-	45,950

## 7 Property, plant and equipment

	Aircraft £000
<b>Cost</b>	
At 1 October 2008	880,563
Additions	506,978
Transfer from assets held for sale	67,947
<b>At 30 September 2009</b>	<b>1,455,488</b>
<b>Depreciation</b>	
At 1 October 2008	51,843
Charge for the year	39,225
Transfer from assets held for sale	12,968
<b>At 30 September 2009</b>	<b>104,036</b>
<b>Net book value</b>	
<b>At 30 September 2009</b>	<b>1,351,452</b>
At 1 October 2008	828,720
	Aircraft £000
<b>Cost</b>	
At 1 October 2007	700,445
Additions	248,065
Transfer to assets held for sale	(67,947)
<b>At 30 September 2008</b>	<b>880,563</b>
<b>Depreciation</b>	
At 1 October 2007	39,210
Charge for the year	25,601
Transfer to assets held for sale	(12,968)
<b>At 30 September 2008</b>	<b>51,843</b>
<b>Net book value</b>	
<b>At 30 September 2008</b>	<b>828,720</b>
At 1 October 2007	661,235

The net book value of aircraft at 30 September 2009 includes £148,460,000 (2008 £188,115,000) relating to advance and option payments for future delivery of aircraft. This amount is not depreciated.

At 30 September 2009, the Company is contractually committed to the acquisition of 72 (2008 107) Airbus A320 family aircraft with a total list price of US\$3.3 billion (2008 US\$4.9 billion) before escalations and discounts.

The net book value of aircraft held under finance leases at 30 September 2009 was £71,099,000 (2008 £74,578,000). £3,217,000 of the related accumulated depreciation was charged in the year ended 30 September 2009 (2008 £3,257,000).

At 30 September 2009, aircraft with a net book value of £769,518,000 (2008 £311,674,000) were mortgaged to lenders as security for loans.

## 8 Assets held for sale

During 2008, five Airbus A319 aircraft, measured at carrying value, which was considered to be less than current market value, were reclassified from property, plant and equipment to assets held for sale. They were classified as assets held for sale in July 2008 and were expected to be sold within one year from that date. However, in view of current market conditions and the challenges for potential purchasers in arranging finance, these aircraft have been transferred back to property, plant and equipment, with a corresponding catch-up of related depreciation charged to the income statement.

## 9 Trade and other receivables

	2009 £000	2008 £000
Amounts owed by group undertakings	633,951	158,237
Other receivables	8,353	6,612
Prepayments and accrued income	139	362
	<b>642,443</b>	<b>165,211</b>

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

## 10 Cash and money market deposits

	2009 £000	2008 £000
Cash and cash equivalents (original maturity less than three months)	2	12
Non-current restricted cash	1,106	976
	<b>1,108</b>	<b>988</b>

Restricted cash relates to amounts on deposit relating to certain financing arrangements.

## 11 Trade and other payables

	2009 £000	2008 £000
Amounts owed to group undertakings	1,015,978	618,667
Other creditors	-	1,241
Accruals and deferred income	2,721	6,734
	1,018,699	626,642

## 12 Borrowings

	2009 £000	2008 £000
Bank loans	782,113	276,296
Finance lease obligations	109,861	102,006
	891,974	378,302
Current portion	81,784	29,048
Non-current portion	810,190	349,254
	891,974	378,302

(a) The bank loans financed the acquisition of certain of the Company's aircraft. The aircraft purchased with the loans are provided as security against the borrowings. Bank loans are denominated in US dollar and euro and bear interest based upon LIBOR.

(b) Finance leases are secured against certain of the Company's aircraft, and are based partly on variable interest rates, and partly on fixed interest rates. Their fair value is £117.9 million (2008: £96.4 million).

## 13 Called up share capital

	2009 Number	2008 Number
Authorised		
Ordinary shares of US \$1 each	50,000	50,000
Allotted, called up and fully paid		
Ordinary shares of US \$1 each	2	2

## 14 Shareholders' deficit

	Share capital £000	Hedging reserve £000	Retained earnings £000	Total £000
At 1 October 2008 - funds/(deficit)	-	22,206	(68,244)	(46,038)
Profit for the year	-	-	21,053	21,053
Cash flow hedges				
Fair value gains	-	55,067	-	55,067
Transfers to property, plant and equipment	-	(85,906)	-	(85,906)
Related taxation (note 6c)	-	8,635	-	8,635
At 30 September 2009 - funds / (deficit)	-	2	(47,191)	(47,189)
	Share capital £000	Hedging reserve £000	Retained earnings £000	Total £000
At 1 October 2007 - (deficit)	-	(4,559)	(18,372)	(22,931)
Loss for the year	-	-	(49,872)	(49,872)
Cash flow hedges				
Fair value gains	-	35,658	-	35,658
Transfers to property, plant and equipment	-	(258)	-	(258)
Related taxation (note 6c)	-	(8,635)	-	(8,635)
At 30 September 2008- funds/(deficit)	-	22,206	(68,244)	(46,038)

The hedging reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments relating to highly probable transactions that are forecast to occur after year end.

## 15 Reconciliation of operating profit/(loss) to cash generated from operations

	2009 £000	2008 £000
Operating profit/(loss)	43,021	(3,147)
<b>Adjustments for non-cash items</b>		
Depreciation	39,225	25,601
Unrealised foreign exchange differences	64,992	46,967
<b>Changes in working capital and non-current deferred income</b>		
(Increase)/decrease in trade and other receivables	(480,800)	585,678
Increase/(decrease) in trade and other payables	326,339	(475,119)
Increase in other non-current liabilities	48,838	29,729
	41,615	209,709

## 16 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 2009	Amortised cost			Held at fair value		Non financial instruments	Carrying value	Fair value
	Loans and receivables	Financial liabilities	Cashflow hedge	Held for trading				
	£000	£000	£000	£000				
<i>Financial assets</i>								
Restricted cash	1,106	-	-	-	-	1,106	1,106	
Derivative financial assets	-	-	-	23,270	-	23,270	23,270	
Trade and other receivables	635,441	-	-	-	7,002	642,443	642,443	
Cash and money market deposits	2	-	-	-	-	2	2	
<i>Financial liabilities</i>								
Trade and other payables	-	1,018,699	-	-	-	1,018,699	1,018,699	
Borrowings	-	891,974	-	-	-	891,974	902,694	

At 30 September 2008	Amortised cost			Held at fair value		Non financial instruments	Carrying value	Fair value
	Loans and receivables	Financial liabilities	Cashflow hedge	Held for trading				
	£000	£000	£000	£000				
<i>Financial assets</i>								
Restricted cash	976	-	-	-	-	976	976	
Derivative financial assets	-	-	30,841	2,671	-	33,512	33,512	
Trade and other receivables	158,817	-	-	-	6,394	165,211	165,211	
Cash and money market deposits	12	-	-	-	-	12	12	
<i>Financial liabilities</i>								
Trade and other payables	-	625,402	-	-	1,240	626,642	626,642	
Borrowings	-	378,302	-	-	-	378,302	374,557	

### Fair value calculation methodology

Derivative financial instruments comprise forward contracts, detailed in the fair value analysis below, and are valued based on market rates at each year end. 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 balance sheet 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 to those presented in the balance sheet.



## 16 Financial instruments (continued)

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

	2009 £000	2008 £000
<b>Operating profit</b>		
Unrealised revaluation losses on non-derivative financial instruments	58,648	37,871
Unrealised revaluation losses on other monetary assets and liabilities	6,344	9,096
Realised foreign exchange gains on financial instruments	(535)	(66)
Realised gains on derivatives	(518)	(286)
	63,939	46,615
<b>Financing costs</b>		
Unrealised gains on derivatives	(20,598)	(4,592)
Unrealised revaluation losses on other financial instruments	17,248	45,571
Realised losses/(gains) on derivatives	15,456	(34,118)
	12,106	6,861
<b>Net losses</b>	<b>76,045</b>	<b>53,476</b>

### Fair value of derivative financial instruments

#### At 30 September 2009

	Quantity USD million	Assets £000	Liabilities £000
<i>Designated as held for trading</i>			
Forward US dollar contracts	1,512.0	23,270	-
	1,512.0	23,270	-
Less non-current portion			
Forward contracts		-	-
Current portion		23,270	-

#### At 30 September 2008

	Quantity USD million	Assets £000	Liabilities £000
<i>Designated as cash flow hedges</i>			
Forward US dollar contracts	553.6	30,841	-
<i>Designated as held for trading</i>			
Forward US dollar contracts	637.7	2,671	-
	1,191.3	33,512	-
Less non-current portion			
Forward contracts		-	-
Current portion		33,512	-

Quantity represents the nominal value of currency 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 has entered into a number of contracts on behalf of easyJet Leasing Limited. The purpose of these contracts is to hedge the Company's transaction currency risk and manage exposure to non-group financial liabilities denominated in US dollars.

### Derivatives designated as held for trading

The Group has US dollar net monetary liabilities at the balance sheet date of £518.7 million (2008: £181.0 million). In accordance with IAS 21, monetary assets and liabilities are revalued using exchange rates at the balance sheet date. The Group manages this exposure by the use of forward foreign exchange contracts. Gains and losses on these contracts are allocated to Group companies in proportion to their shares of the Group's exposure. At 30 September 2009 the Company had US dollar net monetary liabilities of £906.8 million, of which £86.1 million was due from other Group companies.

## 17 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's Annual report and accounts for the year ended 30 September 2009.

The Company is exposed to fluctuations in exchange rates (US dollar and euro) 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, receivables, 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 shareholders' funds 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 and euro. 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 2009	Currency rates		Interest rates	
	eur + 10%	eur - 10%	usd + 10%	usd - 10%
	£000	£000	£000	£000
Income statement impact gain/(loss)	(30)	24	112,782	(137,845)
Impact on shareholders' funds increase/(decrease)	-	-	-	-

At 30 September 2008	Currency rates		Interest rates	
	eur + 10%	eur - 10%	usd + 10%	usd - 10%
	£000	£000	£000	£000
Income statement impact gain/(loss)	-	-	(54,638)	50,479
Impact on shareholders' funds increase/(decrease)	-	-	24,617	(20,118)

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 2009. No Company-specific capital management activities are carried out.

Liquidity risk is managed at a group level using the policies described in easyJet's Annual report and accounts for the year ended 30 September 2009. The maturity profile of the Company's financial liabilities based on the remaining contractual maturities is set out below. The analysis represents undiscounted.

30 September 2009	Within	1-2 years	2 - 5 years	Over
	1 year			5 years
	£000	£000	£000	£000
Borrowings	98,637	117,803	293,043	476,205
Trade and other payables	1,018,699	-	-	-
Derivative contracts - receipts	(944,056)	-	-	-
Derivative contracts - payments	920,788	-	-	-

30 September 2008	Within	1-2 years	2 - 5 years	Over
	1 year			5 years
	£000	£000	£000	£000
Borrowings	43,270	49,867	155,978	205,260
Trade and other payables	625,402	-	-	-
Derivative contracts - receipts	(310,994)	-	-	-
Derivative contracts - payments	281,264	-	-	-

## 18 Commitments

### Minimum lease payments under finance leases fall due as follows

	2009 £000	2008 £000
Not later than one year	6,623	6,872
Later than one year but not more than five years	28,719	28,593
More than five years	92,280	91,363
	127,622	126,828
Future finance charges on finance leases	(17,761)	(24,822)
<b>Finance lease liabilities</b>	<b>109,861</b>	<b>102,006</b>

## 19 Related parties

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

	2009 £000	2008 £000
Sales to group undertakings	164,231	69,093
Purchases from group undertakings	15,455	33,655
Amounts owed by group undertakings	633,951	158,237
Amounts owed to group undertakings	1,015,978	618,667

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 in accordance with intercompany loan agreements (note 5) and have no specific repayment terms. Sales to 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.

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.

easyJet plc has guaranteed the contractual obligations of the Company in respect of its contracted obligations to Airbus SAS related to its supply of Airbus 320 family aircraft.

## 20 Ultimate controlling company

The Company's parent and ultimate controlling company is easyJet plc, incorporated in England and Wales.

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, UK.