DART GROUP PLC

REPORT
& ACCOUNTS
2013

Jet2.com
Friendly low fares

Jet2holidays
Package holidays you can trust

FowlerWelch
Listening... Responding... Delivering

About us

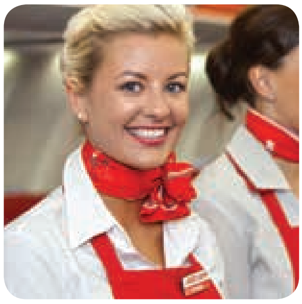
Dart Group PLC ("the Group") is a Leisure Airline, Package Holidays and Distribution & Logistics group specialising in:

- the operation of scheduled leisure flights by ***Jet2.com*** to the Mediterranean, the Canary Islands and to European Leisure Cities;
- the provision of ATOL protected package holidays by its tour operator ***Jet2holidays***; and
- the distribution, by **Fowler Welch**, of fresh produce, and temperature-controlled and ambient products on behalf of retailers, growers, importers and manufacturers throughout the United Kingdom.

What our customers say about us

"Everything was excellent, if ***Jet2.com*** keep the quality and prices as they are we will never use another airline. Well done ***Jet2*** we cannot fault you, we will always recommend you."

MR & MRS WATSON, ALDERLEY EDGE



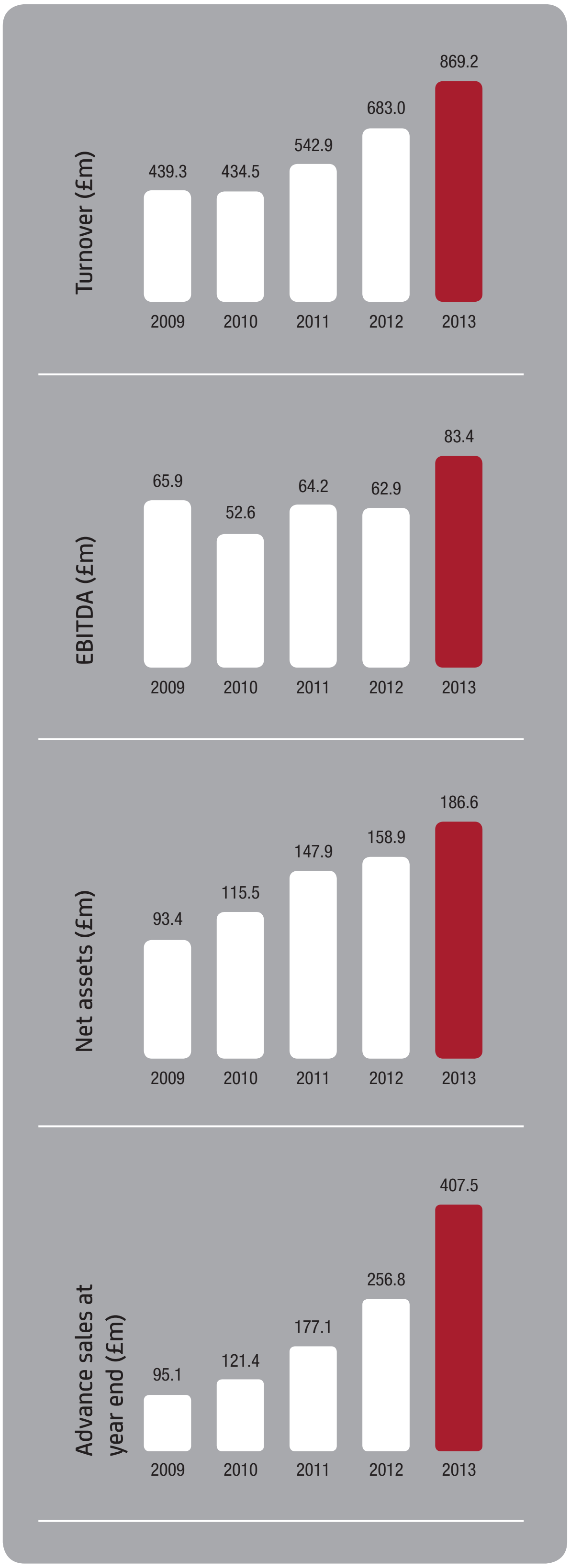
"We thought we couldn't afford a holiday this year but desperately needed one. We found a great deal with ***Jet2holidays*** and we couldn't have asked for a better experience!"

THE HEPWORTH FAMILY, HARROGATE

"The **Fowler Welch** solution simply ticked all the boxes, we run an intensive operation which places high demands on the supply chain. **Fowler Welch** stepped up to the plate, meeting and surpassing our needs."

IAN RENDER, OPERATIONS DIRECTOR - WINTERBOTHAM DERBY

Highlights



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Chairman's Statement

I am pleased to report on the Group's trading for the year ended 31 March 2013. Turnover grew by 27% to £869.2m (2012: £683.0m) and profit before tax amounted to £40.5m (2012: £28.1m). Earnings per share increased 36% to 21.73p (2012: 16.01p).

The Board maintains a conservative approach to dividend policy, ensuring that funds are retained to support further business growth, whilst recognising the need to provide a return to shareholders. With this in mind, and in consideration of the Group's improved trading performance, the Board recommends a final dividend of 1.33p per share (2012: 0.89p). This will bring the total proposed dividend to 1.87p per share for the year to 31 March 2013 (2012: 1.32p). If approved at the Annual General Meeting, to be held on 5 September 2013, this dividend will be payable on 18 October 2013 to shareholders on the register at the close of business on 13 September 2013. The associated ex dividend date will be 11 September 2013.

The significant growth in turnover particularly reflects the expansion of ***Jet2holidays***, the Group's package holiday business, which increased its holiday customers by 93% to 417,390 (2012: 216,520) in the year. The business continues to gain momentum, recording a profit before tax of £6.8m (2012: £2.5m) on the back of an increase in turnover to £244.8m (2012: £114.5m). Profits in ***Jet2.com***, the leisure airline business, increased to £29.3m (2012: £21.7m) as overall demand for seats, boosted by demand from ***Jet2holidays***, resulted in higher load factors and increased yields. Our important and long-established Distribution & Logistics business, **Fowler Welch**, improved operating margins and achieved a profit before tax of £4.4m (2012: £3.9m).

Capital expenditure for the year was £79.7m (2012: £47.3m), which related principally to the acquisition of seven aircraft, including two Boeing 737-800s, for following year fleet growth and long-term maintenance spend on aircraft and engines. Net cash flow from operating activities amounted to £150.3m (2012: £94.5m), primarily reflecting growth in ***Jet2.com*** and ***Jet2holidays*** forward bookings, which grew in line with planned capacity increases for the year ending 31 March 2014.

As at 31 March 2013, the Group's cash balances, including money market deposits, were £220.9m (2012: £152.0m), at which point ***Jet2.com*** and ***Jet2holidays*** had received circa £253m (2012: £180m) of advance payments from customers in respect of their future flights and holidays. The Group manages its cash very carefully, not least because of the restrictions placed on it by the UK Civil Aviation Authority, which requires the Group to maintain certain levels of "available liquidity", which is defined as free cash plus available facilities.

In addition, the Group's cash and money market deposits include cash which is restricted by its merchant acquirers as collateral against a proportion of forward bookings paid for by credit or debit card. These balances are considered to be restricted until the respective customers have travelled.

On 29 April 2013, we were pleased to welcome Gary Brown to the position of Group Chief Financial Officer and then to appoint Gary to the Board of Dart Group PLC on 17 June 2013. Prior to joining the Group, Gary had been Global Chief Financial Officer at Umbro PLC and had held a number of senior positions in the retail and consumer goods sector.

Our previous Finance Director, Andrew Merrick, left us on 11 April 2013 after six years with the Group. We wish him well for the future and thank him for his valued contributions.

Leisure Airline & Package Holidays

We continue to make good progress in both our leisure airline and package holidays businesses. Whether customers choose to buy an airline seat only, or a fully inclusive package holiday, we do our best to give them great service from the moment they book. Our staff are "happy to help" and conscious that they are an important part of the often long anticipated and eagerly awaited holiday experience.

In the summer of 2012 ***Jet2.com***, our leisure airline, flew from our eight Northern bases to 51 Mediterranean, Canary Island and European Leisure City destinations. The Company operated 45 passenger aircraft of which 37 were owned by the Group. A further 5 aircraft were purchased during the year, and 2 purchased since the reporting date, to meet planned expansion for summer 2013.

We offer two distinct products: seat-only, which is almost exclusively sold through the ***Jet2.com*** website and package holidays, which are sold through the ***Jet2holidays*** website, our own call centre and travel agents. Demand is stimulated by extensive online and direct marketing – particularly TV. The Group is now the UK's third largest ATOL (Air Travel Organisers' Licencing) holder. Our ATOL determines the number of package holidays we are licensed to sell annually by the UK Civil Aviation Authority.

At ***Jet2.com*** our seat-only product offers friendly low fares with convenient flight times, allocated seating and a 22 kilo baggage allowance. At check-in we aim to have a speedy experience with no queues and often there are customer helpers to assist. When on board, our cabin staff are intent on ensuring that the holiday starts and finishes with a relaxed and friendly flight. At many destinations our own staff will be present to greet customers and ensure their holiday gets off to a great start.

If the customer has chosen a Jet2holiday, they will normally be flown to the resort in a ***Jet2.com*** operated aircraft, so ensuring that we control the quality of the flight product. Then they will be transported to their hotel in ***Jet2holidays*** contracted buses, many of which are branded in our colours. With over 1,500 3-5 star hotels to choose from, often with adjacent water parks and other great attractions, and with a range of options from bed and breakfast to all inclusive, there is an offer to suit most tastes. In the year to

31 March 2013 we took 417,390 customers on package holidays, and current booking rates indicate that we will double that in the current financial year. Our core principles are to be family friendly, offer great value for money and give best in class customer service.

On 1 January 2013, I was delighted to appoint Stephen Heapy, then Chief Commercial Officer to the position of Chief Executive of ***Jet2.com*** and ***Jet2holidays*** and, on 17 June 2013, to the board of Dart Group PLC. Steve joined us in November 2009 from Libra Travel, where he held the position of Product, Commercial and Operations Director and prior to that he was the Managing Director of Thomas Cook's scheduled business. Since joining, Steve has driven the successful growth of our holiday business and now through his leadership of both the seat-only and package holiday products he is in position to ensure our businesses, together, give the best possible products and value. We are confident that under Steve's leadership, and with our enthusiastic and growing team, we will deliver a truly wonderful holiday experience for our customers.

On 6 June 2013, we were very pleased to announce that we had been notified by Royal Mail that, subject to contract, ***Jet2.com*** has retained contracts for six out of the eight Postal Air Network routes currently operated. The Group has been operating flights for Royal Mail through its subsidiaries since 1980, helping them to ensure First Class mail achieves next day delivery throughout the UK. The current contracts with Royal Mail are due to terminate in 2014.

As a result of the competitive tender process, there has been an expected reduction in the contribution from this business that will be enjoyed by the Group going forward. However, retaining approximately 75% of its Royal Mail business represents a positive outcome for the Group and is regarded as a reflection of the very high service levels maintained over many years.

In our leisure airline and package holiday businesses we believe that by providing great value for money and best in class service and concentrating on the Mediterranean, the Canary Islands and European Leisure Cities from our Northern catchment area, we will both retain existing ***Jet2.com*** and ***Jet2holidays*** customers and attract many new ones, thereby continuing our profitable growth.

Chairman's Statement

Distribution & Logistics

The Group's distribution business, **Fowler Welch** is one of the UK's leading providers of distribution and logistics services across the food supply chain, serving retailers, growers, importers and manufacturers through its network of 11 distribution sites, encompassing circa 850k square feet of warehouse space. The Company's main distribution centres are in key produce growing and importing areas – Spalding in Lincolnshire, Teynham in Kent and Hilsea in Portsmouth. Our significant ambient (non-temperature-controlled) distribution centre is at Heywood near Bury, Greater Manchester and there are two regional sites in Washington, Tyne and Wear and Newton Abbott, Devon. **Fowler Welch** operates 450 distribution vehicles, which are supplemented to meet seasonal demand.

I am pleased to report that significant progress has been made at our Heywood distribution centre, which was purchased by the Group in May 2010, and that this operation is now materially contributing towards the Company's profits. We were also delighted to sign a new long-term lease for our Hilsea, Portsmouth site, which has enabled us to make appropriate investment to improve this facility, in order to meet the high standards required by our customers.

The Company prides itself on its high standards of customer service, much of which is in the demanding temperature controlled food sector. However, increasingly **Fowler Welch** is also developing its ambient business, leveraging its operating disciplines to offer the same high standards of service in this sector too.

The current opportunity for **Fowler Welch** is to grow its business through the development of its existing infrastructure and to attract customers through its price competitive, operational expertise, delivered by dedicated professionals. Everything is in place to achieve careful but determined growth. Our sales force has been significantly enhanced and there is an encouraging pipeline of prospective new customers, along with further opportunities for business growth from existing customers. This will mean some additional infrastructure spend as enhancements are made to our existing distribution sites. With its strong management team and highly professional workforce, we believe that the Company is very well positioned to take advantage of exciting opportunities in its sectors.

Outlook

Each of our businesses have great opportunities in their respective marketplaces together with strong and energetic management in place. ***Jet2holidays*** is set for further growth in the current year, with forward bookings at encouraging levels. We have expanded ***Jet2.com***'s flying programme by 12% for summer 2013, although margins will continue to remain challenging in this sector. **Fowler Welch** will continue to focus on developing a strong pipeline of future revenue opportunities whilst improving its operational efficiency as a result of system developments.

We are encouraged both by our business opportunities and the start we have made to the current year but as always, in the current economic environment, we remain cautiously optimistic in respect of profit growth.

Philip Meeson
Chairman
29 July 2013


FowlerWelch
Listening...Responding...Delivering
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FowlerWelch
Listening...Responding...Delivering

Business & Financial Review

The Group comprises three principal operating businesses, Leisure Airline, Package Holidays and Distribution & Logistics. The Leisure Airline and Package Holidays operations work closely together to provide a range of leisure travel services to our Northern UK customer base.

2012/13 performance

The Group's financial performance for the year to 31 March 2013 is reported in line with International Financial Reporting Standards ("IFRS"), as adopted by the EU, which were effective at 31 March 2013.

Group profit before tax increased 44% to £40.5m (2012: £28.1m) in the year ended 31 March 2013 reflecting improved trading in all three businesses. Overall Group turnover increased by 27% to £869.2m (2012: £683.0m), with growth in all segments, including a 114% rise in Package Holidays revenues. Continued focus on the quality of our revenue, operational efficiencies and cost control meant that operating profit grew by 33% to £37.9m (2012: £28.5m). Group EBITDA increased by 33% to £83.4m (2012: £62.9m).

The Group's effective tax rate of 23% (2012: 19%) was lower than the headline rate of corporation tax, because a future headline rate reduction has lowered the Group's deferred tax liability.

The Group generated net cash inflows[b] of £68.9m in the year (2012: £45.2m), resulting in a positive cash position, including money market deposits, of £220.9m (2012: £152.0m) as at 31 March 2013. Total cash received from ***Jet2holidays*** and ***Jet2.com*** customers in advance of their trips, amounted to circa £253m (2012: £180m) at that time.

The Group's cash generation was principally driven by the Leisure Airline and Package Holidays operations, which continue to benefit from strong forward bookings.

Capital expenditure increased from £47.3m to £79.7m, principally the result of increased expenditure on additional aircraft to meet the needs of the summer 2013 flying programme and the long term maintenance of aircraft. The airline purchased seven aircraft in total

Summary income statement	2013 £m	2012 £m
Turnover	869.2	683.0
Net operating expenses	(831.3)	(654.5)
Operating profit	37.9	28.5
Net financing income/(costs)	2.6	(0.4)
Group profit before tax	40.5	28.1
Net financing (income)/costs	(2.6)	0.4
Depreciation	45.5	34.4
EBITDA	83.4	62.9

Summary cash flow	2013 £m	2012 £m
EBITDA	83.4	62.9
Other P&L adjustments	0.4	0.4
Movements in working capital	71.5	36.3
Interest & taxes	(5.0)	(5.1)
Net cash generated from operating activities	150.3	94.5
Investing activities[a]	(79.7)	(47.0)
Other items	(1.7)	(2.3)
Increase in net cash/money market deposits	68.9	45.2

Summary balance sheet	2013 £m	2012 £m
Non-current assets	276.9	245.3
Net current assets[c]	150.7	73.1
Deferred revenue	(407.5)	(256.8)
Other liabilities	(54.4)	(54.7)
Cash and money market deposits	220.9	152.0
Shareholders' equity	186.6	158.9

Note (a): reduction in money market deposits of £47m (2012: £68.5m deposited) is presented as cash.
Note (b): Cash flows are reported including money market deposits (cash deposits with maturity of more than three months) to give readers an understanding of total cash generation. The consolidated Group Cash Flow Statement reports net cash flow excluding the movement on these deposits.
Note (c): stated excluding money market deposits and deferred revenue.

- two Boeing 737-800s, two 757-200s and three 737-300s - compared to the previous year's addition of five Boeing 737-300s.

The Group manages its cash position very carefully, not least because of the restrictions placed on it by the UK Civil Aviation Authority, which requires the Group to maintain certain levels of "available liquidity", which is defined as free cash plus available facilities. The Group's cash and money market deposits include cash which is restricted by its merchant acquirers as collateral against a proportion of forward bookings paid for by credit or debit card. These balances are considered to be restricted until the respective customers have travelled.

The Group's balance sheet continues to strengthen, driven by both profit performance in the year and cash generation from advance bookings; deferred revenue grew 59% year-on-year, as the Group's leisure travel businesses continue to enjoy strong forward bookings. The increase in shareholders' equity, the improved gross cash position and the increase in non-current assets are the principal changes in the balance sheet from the previous year end. The overall increase in shareholders' equity does not equate to the Group's post tax profit for the year, due to a reduction in the market value of outstanding fuel and currency hedges at the year-end relative to the previous year. The business continues to be funded in part by payments received in advance of travel from our leisure customers.

Subsequent to the reporting date, the Group concluded the renewal of its financing facilities with a consortium of banks. Further details of the refinancing can be found in note 22 (d).

Boeing 737-300 Quick Change Aircraft being loaded with mail

Business & Financial Review

Jet2.com
Friendly low fares®

The Leisure Airline business trades under the ***Jet2.com*** brand and operates scheduled flights to a range of leisure destinations from its home base at Leeds Bradford International Airport, and Belfast International, Blackpool, East Midlands, Edinburgh, Glasgow, Manchester and Newcastle airports.

Total Leisure Airline turnover, including sales of seats to ***Jet2holidays***, increased by over 20% to £556.2m (2012: £461.3m). This reflected a 13% increase in passengers to 4.84 million (2012: 4.27 million) and a 16% increase in per passenger ticket yield to £59.67 (2012: £51.47). Retail revenue (non-ticket revenue) grew to £30.96 per passenger (2012: £27.86).

Careful route scheduling and capacity management meant that, although costs grew by 20%, operating profit increased by 23% to £26.7m (2012: £21.7m). Year-on-year fuel costs per passenger improved by 3%. The underlying price of fuel was maintained due to favourable US dollar exchange rates mitigating the increase in the average fuel hedge rate.

During the year, ***Jet2.com*** continued the expansion of its scheduled airline network. The addition of two aircraft enabled the business to expand at its newest base, Glasgow Airport. Two further aircraft permitted flight programme growth at East Midlands and Manchester airports, increasing the frequency of flights to tried and trusted ***Jet2.com*** destinations. The airline now flies to 51 destinations in 19 different countries and operated a total of 173 (2012: 145) routes in the year, adding the new popular destinations of Pula and Grenoble.

Though overall scheduled airline seat capacity increased by 10% in the year, load factors increased to 90% (2012: 87%). This load factor improvement was in part underpinned by the sale of seats to ***Jet2holidays*** which represented 17% (2012: 10%) of total scheduled flying in the year. Net ticket revenue per passenger increased as a higher proportion of flights to "far sun" destinations and the continued development of the airline's revenue management system resulted in further improvement in the business's quality of earnings.

Retail revenue (non-ticket revenue) was generated from a number of sources, including hold baggage charges for a sector leading 22kg weight allowance, advance seat assignment, extra leg room seats, in-flight sales and commissions on car hire and travel insurance. Retail revenue performance was optimised through our customer contact programme and dynamic pricing, which takes into account factors such as destination, trip duration, and lead time to departure in order that customers are offered the best products and prices for their particular needs.

As part of ***Jet2.com***'s continued focus on great customer service, Edinburgh and Glasgow Airport passenger handling moved in-house for winter 2012. In addition, aircraft dispatchers at Manchester Airport were also added to core staff as part of our drive to continue to improve operational efficiency and on-time performance.

To ensure that every employee understands the business's brand values and customer service proposition, a company-wide employee engagement programme called

Leisure Airline	2013 £m	2012 £m
Turnover	556.2	461.3
Operating expenses	(529.5)	(439.6)
Operating profit	26.7	21.7
Net financing income	2.6	–
Profit before interest & tax	29.3	21.7
Net financing income	(2.6)	–
Depreciation	43.1	32.0
Leisure Airline EBITDA	69.8	53.7
Profit margin	5.3%	4.7%
EBITDA margin	12.6%	11.6%

KPIs	2013	2012
Number of owned aircraft at 31 March	42	35
Number of leased aircraft at 31 March	4	7
Seats available	5.38m	4.89m
Passenger numbers	4.84m	4.27m
Load factor	90%	87%
Net ticket yield	£59.67	£51.47
Retail revenue per passenger	£30.96	£27.86
Average hedged price of fuel (US$ per tonne)	$979	$927
Percentage of estimated annual fuel requirement hedged for the next financial year	99%	100%
Capital expenditure	£78.8m	£40.8m
Advance sales made at year end date	£176.0m	£157.0m
Average staff numbers	2,288	1,957

'Take Me There' was delivered. As a result, every employee in the business has received training on the importance of delivering customer service excellence at every point on the customer journey.

Jet2.com is proud to undertake significant flying for Royal Mail. Night mail flights, performed with industry leading punctuality levels, are undertaken every weekday from six UK airports. As announced on 6 June 2013, the airline successfully tendered for and retained six out of the eight routes we currently operate past the termination date of the current agreement in 2014. Though there has been a reduction in the margin that will be enjoyed by the airline going forward, this was anticipated, and the Royal Mail business will continue to form a valuable, though reducing, proportion of the operating profit of the airline.

As part of its continuous drive to operate more efficiently, ***Jet2.com*** continues to improve its fuel consumption by means of its "efficient flying" programme. This programme looks at all aspects of the airline's operation which can influence or directly impact upon the operational efficiency of its flying activities. The combined effects of all the elements of this scheme are estimated to have saved the airline over 10,135 (2012: 34,000) metric tonnes of greenhouse gas emissions in the year.

At the reporting date, ***Jet2.com*** operated a fleet of 46 aircraft with the Group having acquired two Boeing 757-200 aircraft – one of which operated under a lease prior to purchase - three Boeing 737-300s and two Boeing 737-800 aircraft towards the end of the financial year. Two leased 737-300 aircraft were returned at the end of their leases during the year. ***Jet2.com*** will continue to add to its owned and leased fleet in line with demand from our Northern based ***Jet2.com*** and ***Jet2holidays*** customers. As such, seat capacity has been increased by a further 12% for summer 2013, with growth focused on tried and trusted, great value destinations.

jet2.com
Friendly low fares

Business & Financial Review

Jet2holidays
Package holidays you can trust

Jet2holidays is the Group's package holiday operator; it is an integral part of the Group's leisure travel activities, working closely with ***Jet2.com*** to provide ATOL protected holidays to a wide range of destinations from our eight Northern UK airports.

The business has achieved considerable growth since its inception in 2007 and is now the third largest tour operator in the United Kingdom. In what was another successful year, revenue increased 114% to £244.8m (2012: £114.5m). This has been predominantly driven by an increase in customer numbers, with 417,390 customers enjoying great value package holidays in the year (2012: 216,520). This growth is a reflection of the successful further development of the ***Jet2holidays*** hotel product range and a fully integrated approach with ***Jet2.com***, whose increased capacity has met the demand from ***Jet2holidays*** customers for holidays in the Mediterranean, the Canary Islands and great European Leisure cities. Our customers continue to demand great value but are not willing to reduce quality. The ***Jet2holidays*** product range has been expanded with over 45% of customers staying at "4 star" or "5 star" hotels, supported by the early success of our "Indulgent Escapes" brand, which has driven further revenue growth in the year.

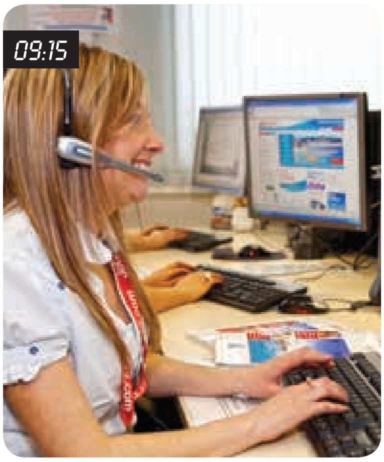
Despite the challenging economic environment and a highly competitive market place, gross margins per holiday have been maintained through careful management and the further development of our Package Holidays yield management system. The increasing scale has also enabled the business to improve both operating margins and profitability, with profit before tax increasing to £6.8m (2012: £2.5m).

Jet2holidays are sold over the Internet, from the business's UK based call centre, and through high street and online travel agents; each of these channels is proactively supported and nurtured. The award-winning ***Jet2holidays.com*** website is continuously developed to improve the quality of both the customer and the trade booking experience. Website visits are significantly higher than the previous year and conversion rates continue to improve. We doubled the size of our UK-based call centre during the year and will continue to invest in this area to ensure the successful handling of call volume growth which has continued into the summer 2014 booking season. Sales through travel agents remain an important element of the business and ***Jet2holidays*** can now be booked through all major travel consortia, key multiples, homeworker companies and independents in the North of the UK.

Looking forward to the year ending 31 March 2014, the business expects further growth in customer numbers as its marketing strategy and focus on customer service excellence continue to build brand resonance in its key markets and generate valuable repeat business. ***Jet2holidays*** is benefitting from its family-focused approach, including free child places at hundreds of hotels, which, alongside a low deposit, has proven to be very attractive in the current economic environment. The significant investment in marketing has paid dividends with bookings for summer 2013 already surpassing last year. Furthermore, brand and product awareness continues to be improved by our focus on quality TV advertising, and intelligent use of social media and other online channels of communication. This continued investment in the product offering, together with the opportunity to cross sell to ***Jet2.com*** scheduled service customers, means that the business remains confident in delivering its growth plans. Controlling the business's own supply chain, by means of direct relationships with over 1,500 hotels, and the focus on ***Jet2holidays*** as part of ***Jet2.com***'s overall capacity planning, have been fundamental to recent success and the business will continue to ensure that it has the product and capability to meet its predicted increases in demand.

Package Holidays	2013 £m	2012 £m
Turnover	244.8	114.5
Operating expenses	(238.3)	(112.0)
Operating profit	6.5	2.5
Net financing income	0.3	–
Profit before interest & tax	6.8	2.5
Net financing income	(0.3)	–
Depreciation	0.3	0.3
Package Holidays EBITDA	6.8	2.8
Profit margin	2.8%	2.2%
EBITDA margin	2.8%	2.5%

KPIs	2013	2012
Passenger numbers	417,390	216,524
Advance sales made at year end date	£231.5m	£99.8m
Average staff numbers	136	82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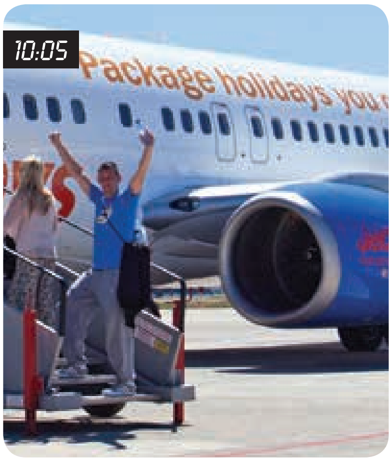
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Jet2holidays
Package holidays you can trust

Business & Financial Review

The Group's distribution business, **Fowler Welch**, is one the UK's leading logistics providers to the food industry supply chain, serving retailers, growers, importers and manufacturers across its network of eleven sites, strategically located to meet demand for our services. A full range of added value services is provided including storage, case level picking and an award winning national distribution network.

Revenues rose in the year by 1.8% to £155.2m. The quality of earnings in the year improved as organic volume growth and new business offset any revenue losses. Operational efficiency continued to improve with average miles per gallon increasing to 8.7 (2012: 8.6) and accident damage costs declining. As a result, operating profit was up 9% to £4.7m (2012: £4.3m).

The outlook for the year ahead is positive with new business secured for the first quarter of 2013/14, at our 500,000 sq. ft. Heywood Hub; at the produce and chilled food consolidation centre in Teynham Kent, and a two year extension of a distribution contract with Mars. Additionally, there is an encouraging pipeline of new business opportunities.

Spalding, our key distribution centre in the major growing region of Lincolnshire, had a good year, with gross margins improving on the back of focused cost control. Operating at near capacity, the site continues to provide the highest standard of warehousing and distribution services to key names such as Kerry Foods, Bernard Matthews and Tulip.

A long term lease was entered into for the business's well located Hilsea site, which is close to Portsmouth International Port and the produce growing regions along the South Coast. The lease covers the whole site which was previously shared with the landlord and following recent investment in this facility, **Fowler Welch** is now able to offer a broader range of warehousing and picking services as well as high quality distribution.

The Heywood Hub, ideally located in the Greater Manchester region, is now fully established as a quality ambient (non temperature controlled) storage and distribution hub. This was underlined by our operational team being awarded "Primary Carrier of the Year" by ASDA for the second consecutive year. **Fowler Welch** is bringing its vast experience of short distribution lead times gained from its chill and produce operations to the ambient sector. New business wins with a number of clients and a pipeline of future opportunities will see the site's performance continue to move forward in the coming year.

The Kent operations in Teynham and Paddock Wood sit in the heart of that county's produce growing areas and also provide a distribution service for produce imported across the Channel. Loss of a storage and distribution contract with J. Garcia Carrion has been largely mitigated, as volumes with two of our other large customers have grown. A pipeline of other opportunities gives us optimism for growth in the coming year.

Concentration on sales and increasing yield, together with growth within the existing capacity of **Fowler Welch**, will generate improved gross and net margins in the year ahead.

Distribution	2013 £m	2012 £m
Turnover	155.2	152.4
Operating expenses	(150.5)	(148.1)
Operating profit	4.7	4.3
Net financing costs	(0.3)	(0.4)
Profit before interest & tax	4.4	3.9
Net financing costs	0.3	0.4
Depreciation	2.1	2.1
Distribution & Logistics EBITDA	6.8	6.4
Profit margin	2.8%	2.6%
EBITDA margin	4.4%	4.2%

KPIs	2013	2012
Warehouse space (square feet)	847,000	847,000
Number of tractor units in operation	450	450
Number of trailer units in operation	640	640
Miles per gallon	8.7	8.6
Fleet mileage per annum	43.4m	42.8m
Average staff numbers	1,335	1,280


04:30


05:30


06:30
FowlerWelch


09:00


Fowler Welch
Listening... Responding... Delivering
FowlerWelch

Business & Financial Review

Principal risks and uncertainties

The Group's strategy is to grow its business through a combination of organic expansion and, if appropriate, carefully planned acquisitions in areas related to its existing businesses and markets. This section describes the principal risks and uncertainties which may affect the Group's business, financial results and strategic objectives. This list is not intended to be exhaustive.

Safety and security

Failure to prevent or deal effectively with a major safety incident, including a security related threat, could adversely affect the Group's reputation and operational and financial performance. The safety and security of our customers and our colleagues is our key priority. ***Jet2.com*** operates a robust Safety Management System based upon a culture of safety designed to proactively assess and mitigate the risks associated with its operation. Through close collaboration with regulatory authorities the Group seeks to achieve the highest standards of compliance and performance. The Group's Health and Safety Plan seeks to protect customers and colleagues from physical harm.

Jet2holidays operates in accordance with its Safety Management System holding regular internal safety steering committees and managing an audit programme for all accommodation providers and destination management agents.

Competition

The Group is impacted by competitor activity in each of its business areas. The Leisure Airline and Package Holidays sectors continue to be intensely competitive marketplaces. Headline price competition remains very strong at every base from which ***Jet2.com*** flies. The Group will continue to focus on customer driven scheduling on popular routes to high volume leisure destinations in order to maximise its load factor, yield, and retail revenue on its aircraft. The operation will continue to benefit from non-scheduled flight aircraft utilisation through its passenger and freight charter activities and from a broad distribution base for its scheduled seats via the web, through travel agencies, via tour operator seat allocations and to its in-house tour operator. ***Jet2holidays*** competes effectively through the provision of a broad range of great value package holidays accessible from all of our eight Northern bases.

In the distribution business, the market has seen some consolidation as smaller players either exit the market or are taken over. The loss of a substantial customer is the largest financial risk facing the Company. This risk is mitigated by **Fowler Welch**'s focus on developing a strong pipeline of future opportunities, together with the achievement of high service levels and cost control, both of which are critical to success in this sector.

Exposure to fluctuations in fuel prices and exchange rates

The cost of fuel will continue to be a very significant element of the Leisure Airline and Package Holidays cost bases, and the effective management of fuel price variation will continue to be important to the businesses. The Group's fuel price risk strategy, by forward hedging, aims to limit the exposure of both businesses to sudden and significant increases in oil prices, whilst ensuring the businesses remain competitive.

The Distribution & Logistics business is not directly affected by such price rises, since contracts allow for increases to be passed on to its customers.

The Group, particularly ***Jet2.com*** and ***Jet2holidays***, incurs significant operational costs which are US dollar and euro denominated and is therefore exposed to sudden and significant movements in exchange rates. To protect against such fluctuations (as described in note 22), the Group uses forward currency contracts with approved counterparties.

Economic conditions

Ultimately, economic conditions will have an impact on the level of consumer demand for the Group's Leisure Airline and Package Holidays services. Whilst we believe that UK consumers regard their summer holiday as a very important element of the household budget, it is clear that there has been a reduction in discretionary travel in recent years due to continuing economic uncertainty. To mitigate this risk, the Group will continue to plan its flying programme carefully to take account of trends in demand. Expanding the ***Jet2holidays*** offering also enables the Group to increase revenues from our ***Jet2.com*** customers.

Political risks

The Leisure Airline and Package Holidays businesses can be impacted by political uncertainty, both directly through reduced demand for travel to countries to which ***Jet2.com*** flies and indirectly through the impact of such political uncertainty on fuel prices and exchange rates. This risk is mitigated through careful management of the route network (the Group does not fly to any North African destinations) and through the Group's approach to hedging fuel and foreign exchange risk.

Environmental risks

As evidenced in recent years, the Leisure Airline and Package Holidays businesses are at potential risk of disruption from the force of nature, such as extreme weather conditions and volcanic activity, and through other external factors, such as epidemics, pandemics, acts of terrorism or strike action. The business mitigates against this risk by establishing and regularly updating a carefully planned response to be implemented by a team of experts, should there be significant disruption to our flying activity. The Group maintains prudent levels of liquid funds to enable the business to continue to operate through a period of sustained disruption to the flying programme.

Government policy and regulatory intervention

It is stated UK and EU policy to apply additional taxes to the aviation industry, and it is foreseeable that the tax burden will continue on the road haulage sector also. The EU Emissions Trading Scheme commenced in 2012, as did further increases in Airline Passenger Duty. In addition, the airline industry is heavily regulated, with expected increased regulatory intervention, notably regarding passenger compensation in relation to flight delays and cancellations which are not attributable to extraordinary circumstances. There is a continuing risk that the imposition of taxes and charges, which are levied by regulatory decision rather than by commercial negotiation at levels in excess of economic cost, may result in reduced passenger demand or adversely impact our cost base. In this regard, the Group will continue to retain its focus on careful management of the route network and on-time performance.

IT system dependency and information security

The Group is dependent on a number of key IT systems, their ongoing development and the Internet to operate its business. In addition, the Leisure Airline and Package Holidays businesses receive significant revenues through online debit and credit card transactions. A loss of systems and access to facilities or a security breach could lead to significant disruption and have an operational, reputational and financial impact. To mitigate these risks, the Group operates and regularly tests a disaster recovery plan regarding its IT infrastructure, which would be activated should a loss of functionality occur. The Group also regularly reviews and updates its IT security process and policies in line with best practice and business requirements.

Treasury management

Liquidity risk

Liquidity risk reflects the risk that the Group will have insufficient funds to meet its financial obligations as they fall due. As at the year end, the Group had significant cash balances, together with a range of unutilised banking facilities, and had met all banking covenants. The Group's strategy for managing liquidity risk is to maintain cash balances in an appropriately liquid form and in accordance with approved counterparty limits, whilst securing the continuity and flexibility of funding through the use of committed bank facilities. Additionally, short-term cash flow volatility risk in relation to margin calls in respect of fuel and foreign exchange hedge positions is minimised through diversification of counterparties and appropriate credit thresholds. The Group seeks to match long-term assets with long-term liabilities wherever possible. In addition, a regular assessment is made of future covenant compliance and headroom.

Fuel, currency and carbon hedging

The Group utilises foreign exchange and fuel forward contracts to hedge its exposure to movements in US dollar and euro exchange rates, and its exposure to jet fuel price movements arising as a result of its Leisure Airline activities. The Group's treasury policy permits the use of such instruments to manage fuel price and currency risk only. The Board reviews and agrees this policy for managing each of these risks at least annually; these policies have been consistent during the year. It is the Group's policy that no trading in financial instruments shall be undertaken.

Details of derivative transactions outstanding at the year end relating to forward currency contracts, cross currency swaps and aviation fuel swaps are detailed in note 22 to the Consolidated financial statements.

The policy in relation to fuel and foreign currency hedging is summarised below:

Aviation fuel price risk

The Group's policy is to forward cover future fuel requirements up to 100% and up to three years in advance. The magnitude of the aviation fuel swaps held is given in note 22 to the consolidated financial statements. As at 31 March 2013, the Group had hedged substantially all of its forecast fuel requirements for the 2013/14 year and a proportion of its requirements for the subsequent year, in line with the Board's policy.

Foreign currency risk

The Group has significant transactional foreign currency exposure, the most significant being the US dollar and the euro.

Transactional currency exposures primarily arise as a result of purchases in foreign currency undertaken in the ordinary course of business, in particular related to expenditure on aviation fuel, aircraft maintenance, air traffic control, airport charges and hotel accommodation. The Group's policy is to cover all material transactional risks for a minimum period of six months, using forward foreign exchange contracts. As at 31 March 2013, the Group had hedged a large proportion of its forecast foreign exchange requirements for the 2013/14 year. The magnitude of the foreign currency exchange risk is given in note 22 to the consolidated financial statements.

Structural currency exposures exist where the Group has a small euro exposure in respect of net overseas investment. However, as these exposures are not material, no hedging has taken place.

The Group also hedges its carbon exposure given the commencement in 2012 of the EU Emissions Trading Scheme. It has acquired its entire requirement for the year ending 31 December 2013 and approximately 60% of the following year's requirement.

Capital risk management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern whilst providing a return to shareholders. The Group maintains a conservative approach to dividend policy, ensuring funds are retained to support further business growth. Our multi-year planning process means that we have clear visibility of earnings and liquidity to ensure we continue to operate well within bank covenant levels.

Gary Brown
Group Chief Financial Officer
29 July 2013

Destinations

Jet2.com & Jet2holidays

BELFAST
Alicante
Blackpool
Dubrovnik
Faro (The Algarve)
Geneva
Ibiza
Jersey
Lanzarote
Majorca
Málaga
Menorca
Montenegro
Murcia
Pisa
Reus
Salzburg
Tenerife

BLACKPOOL
Alicante
Belfast
Dalaman
Faro (The Algarve)
Ibiza
Lanzarote
Majorca
Málaga
Menorca
Murcia
Tenerife

EAST MIDLANDS
Alicante
Bodrum
Budapest
Chambery
Corfu
Crete
Cyprus (Larnaca)
Cyprus (Paphos)
Dalaman
Dubrovnik
Faro (The Algarve)
Geneva
Gran Canaria
Ibiza
Lanzarote
Madeira
Majorca
Málaga
Menorca
Montenegro
Murcia
Nice
Paris
Prague
Rhodes
Tenerife
Zante

EDINBURGH
Alicante
Budapest
Chambery
Dubrovnik
Faro (The Algarve)
Ibiza
La Rochelle
Majorca
Málaga
Menorca
Montenegro
Murcia
Prague
Pula
Salzburg
Sardinia
Slovenia
Toulouse
Venice

GLASGOW
Alicante
Barcelona
Bodrum
Crete
Cyprus (Paphos)
Dalaman
Faro (The Algarve)
Fuerteventura
Gran Canaria
Ibiza
Lanzarote
Majorca
Málaga
Menorca
Murcia
Pula
Reus
Rhodes
Rome
Slovenia
Tenerife
Zante

LEEDS BRADFORD
Alicante
Amsterdam
Barcelona
Bergerac
Berlin
Bodrum
Budapest
Chambery
Corfu
Crete
Cyprus (Larnaca)
Cyprus (Paphos)
Dalaman
Dubrovnik
Düsseldorf
Faro (The Algarve)
Fuerteventura
Geneva
Gran Canaria
Grenoble
Ibiza
Jersey
Kos
La Rochelle
Lanzarote
Madeira
Majorca
Málaga
Menorca
Montenegro
Murcia
Nice
Paris
Pisa
Prague
Pula
Reus
Rhodes
Rome
Salzburg
Sardinia
Slovenia
Split
Tenerife
Toulouse
Venice
Zante

MANCHESTER
Alicante
Barcelona
Bodrum
Budapest
Chambery
Corfu
Crete
Cyprus (Larnaca)
Cyprus (Paphos)
Dalaman
Dubrovnik
Faro (The Algarve)
Fuerteventura
Geneva
Gran Canaria
Grenoble
Ibiza
Kos
Lanzarote
Madeira
Majorca
Málaga
Menorca
Montenegro
Murcia
Nice
Paris
Pisa
Prague
Pula
Reus
Rhodes
Rome
Salzburg
Slovenia
Split
Tel Aviv
Tenerife
Toulouse
Venice
Zante

NEWCASTLE
Alicante
Bodrum
Chambery
Corfu
Cork
Crete
Cyprus (Paphos)
Dalaman
Dubrovnik
Faro (The Algarve)
Gran Canaria
Ibiza
Krakow
Lanzarote
Majorca
Málaga
Menorca
Montenegro
Murcia
Pisa
Prague
Pula
Reus
Rhodes
Rome
Slovenia
Tenerife
Venice

ISRAEL

Jet2.com bases

Destinations

Jet2holidays only

Destinations map correct at time of going to print (July 2013)

Directors and Senior Management

Dart Group PLC

Philip Meeson:	Group Chairman and Chief Executive
Gary Brown:	Group Chief Financial Officer (appointed 17 June 2013)
Stephen Heapy:	Executive Director (appointed 17 June 2013)
Mark Laurence:	Independent Non-Executive Director
Andrew Merrick:	Group Finance Director (resigned 11 April 2013)
Trevor Crowley:	Senior Independent Non-Executive Director (resigned 17 June 2013)
Brian Templar:	Independent Non-Executive Director (resigned 17 June 2013)
Paul Forster:	Group Company Secretary (appointed 27 August 2012)

Leisure Airline and Package Holidays

Philip Meeson:	Executive Chairman
Stephen Heapy:	Chief Executive
Ian Doubtfire:	Managing Director - ***Jet2.com***
Gary Brown:	Finance Director (appointed 29 April 2013)
Richard Chambers:	HR Director
Ashley Cowen:	Operations Director
Ian Du Cros:	Director - Mail & Cargo (appointed 8 August 2012)
Robin Evans:	Flight Operations Director
Christopher Hubbard:	Engineering Director
Stephen Lee:	Commercial Director
Andrew Menzies:	Technical Director
Andrew Merrick:	Finance Director (resigned 11 April 2013)
Antony Sainthill:	Fleet Director
Philip Ward:	Passenger Sales Director
Paul Forster:	Company Secretary (appointed 27 August 2012)

Distribution & Logistics

Philip Meeson:	Executive Chairman
Nicholas Hay:	Managing Director
John Peall:	Deputy Managing Director
David Inglis:	Non-Executive Director
Gary Brown:	Director (appointed 29 April 2013)
David Cottam:	Executive Director
John Davies:	Business Development Director (resigned 6 August 2012)
Matthew Downes:	IT Director
Lynda Hulme:	HR Director
John Kerrigan:	National Operations Director
Stephen King:	Finance Director
Andrew Merrick:	Director (resigned 11 April 2013)
Richard Slater:	Sales and Marketing Director (appointed 8 April 2013)
Paul Forster:	Company Secretary (appointed 27 August 2012)

Directors' Report

The Directors present their Annual Report on the affairs of the Group together with the financial statements and Auditor's Report for the year ended 31 March 2013. The corporate governance statement set out on pages 26 to 27 forms part of this report.

Principal activities

Dart Group PLC ("the Group") is a Leisure Airline, Package Holidays and Distribution & Logistics group specialising in:

- the operation of scheduled leisure flights by ***Jet2.com*** to the Mediterranean, the Canary Islands and to European Leisure Cities;
- the provision of ATOL protected package holidays by its tour operator ***Jet2holidays***; and
- the distribution, by **Fowler Welch**, of fresh produce, and temperature-controlled and ambient products on behalf of retailers, growers, importers and manufacturers throughout the United Kingdom.

Business review

The Company is required by the Companies Act to include a business review in this report. The information that fulfils the requirements of the business review can be found in the following sections of the Annual Report, which are incorporated into this report by cross reference:

- Business and Financial Review: pages 6 to 17;
- Current Directors' details and Directors who served through the year: pages 18 to 19;
- Directors' remuneration: pages 23 to 25; and
- Details of financial instruments and exposure to relevant risks: note 22 to the consolidated financial statements.

Results and dividends

The results for the year are set out in the consolidated income statement and show a profit, after taxation, of £31.2m (2012: £22.7m).

An interim dividend of 0.54p per share was paid on 1 February 2013 (2012: 0.43p).

The Directors recommend the payment of a final dividend for the year ended 31 March 2013 of 1.33p per share (2012: 0.89 per share), given the Group's trading performance in the year, making a total of 1.87p per share for the year (2012: 1.32p).

Directors

Executive Directors

Philip Meeson is Chairman and Chief Executive of Dart Group PLC; and Executive Chairman of the Leisure Airline, Package Holidays and Distribution & Logistics businesses.

In April 1983, his private company purchased the Channel Express Group which, at that time, distributed Channel Islands grown flowers to wholesale markets throughout the UK, and freight from the UK into the Channel Islands. From that original business, he has developed the Group into a leading logistics operator, and Northern UK based leisure airline and package holiday provider.

Having decided that the Company needed wider access to funding in order to accelerate its growth, Channel Express Group PLC was floated on the USM in 1988. In 1991, it changed its name to Dart Group PLC and moved to a full listing on the London Stock Exchange before moving to AIM in 2005.

Gary Brown, Group Chief Financial Officer, joined Dart Group in April 2013 and was appointed to the Board as an Executive Director in June 2013. Gary has significant experience in the retail and consumer goods sectors, having held a number of senior finance positions at J Sainsbury PLC, Matalan PLC and Instore PLC, where he was Group Finance Director. Prior to joining Dart Group, Gary was Global CFO of Umbro PLC and subsequently, following the sale of the Umbro business to Nike Inc., Umbro International Limited. Gary is a Member of the Institute of Chartered Accountants in England and Wales.

Stephen Heapy joined the Board in June 2013. He has been with Dart Group since 2009 and is the CEO of ***Jet2.com*** and ***Jet2holidays***. He has extensive experience in the travel industry having held roles with My Travel PLC, Thomas Cook and Libra Holidays. Stephen is a Fellow of the Institute for Travel and Tourism.

Andrew Merrick (resigned 11 April 2013), Group Finance Director, joined the Group in July 2007 and left the Group in April 2013. He previously held a number of senior financial management positions at both Bradford & Bingley plc and Thomas Cook Group Limited.

Non-Executive Directors

Mark Laurence joined the Company on 28 May 2009 as a non-executive Director. Mark began his career as a transport sector investment analyst at Kitcat and Aitken in 1988 before moving to WI Carr and then Smith New Court (taken over by Merrill Lynch in 1995) where the team was ranked No.1 in the 1995 Extel Financial Survey of UK Investment Analysts. In 1995 he joined the highly ranked UK Equity Strategy Team. In 1997 he joined Collins Stewart as a special situations analyst before helping establish Collins Stewart Inc. in New York and the Group's move into UK private client broking with the acquisition of NatWest Private Clients from RBS in 2001. Since 2001 Mark has pursued a career in fund management, most recently as a founding partner of Fundsmith LLP. Mark is a member of the endowment investment committee of King's College University and a governor of Bryanston School in Dorset.

Trevor Crowley FCA (resigned 17 June 2013), Senior Independent Non-Executive Director, served as a Director from 1988 to June 2013. He was Chairman of the audit committee and his long experience with the Company enabled him to provide a valuable contribution to all financial aspects of the Group.

Brian Templar (resigned 17 June 2013), served as an Independent Non-Executive Director from 1993 until June 2013. His wide experience, knowledge and understanding of changing market needs brought a valuable insight and independent view to the Board of the Group.

The Group will continue to benefit from Trevor's and Brian's valuable knowledge and insight since both have agreed to act as consultants to the business.

Directors' Report

Directors' interests

(a) The Directors who held office at 31 March 2013 had the following interests in the ordinary shares of the Company:

	Ordinary shares 31 March 2013	Ordinary shares 31 March 2012
Philip Meeson	56,240,000	56,240,000
Andrew Merrick	183,000	83,000
Trevor Crowley	48,188	48,188
Brian Templar	134,712	134,712
Mark Laurence	175,000	175,000

(b) No Directors have a non-beneficial interest in the shares of the Company. Interests in options to acquire ordinary shares are given in the report on Directors' remuneration on pages 23 to 25. Since 31 March 2013 the Directors' interests have changed by virtue of new Board appointments and due to the resignations of Andrew Merrick, Trevor Crowley and Brian Templar.

(c) None of the Directors has any direct or indirect interest in any contract or arrangement subsisting at the date of these accounts that is significant in relation to the business of the Group or the individual and that is not otherwise disclosed.

Material holdings

Apart from the interest of Philip Meeson in the capital of the Company, the Directors are aware that the following entities were interested, directly or indirectly, in 3% or more of the issued share capital of the Company as at 28 June 2013:

Schroder Investment Management (Institutional Group)	22.2%

Issued share capital

The issued share capital was increased by 2,097,581 1.25 pence ordinary shares following the exercise of their rights by holders of share options granted on the following dates:

Date	Number of Options Exercised	Scheme
3 July 2002	12,000	Approved
18 November 2002	24,000	Approved
18 November 2002	170,000	Unapproved
3 July 2003	28,000	Approved
5 December 2003	69,000	Approved
5 December 2003	300,000	Unapproved
19 November 2004	40,000	Approved
21 November 2005	45,000	Unapproved
23 November 2005	145,000	Approved
3 August 2007	34,742	Approved
18 December 2007	12,500	Approved
4 September 2008	501,806	Approved
4 September 2008	139,193	Unapproved
10 September 2009	552,590	Approved
16 December 2009	8,750	Approved
5 August 2010	15,000	Approved

Details of the increases in issued share capital are given in note 23 to the consolidated financial statements.

Special business at the Annual General Meeting

At the Annual General Meeting to be held on 5 September 2013, Resolutions 9 and 10 will be special business. Ordinary Resolution 8 covers the Directors' authority to allot ordinary shares pursuant to section 551 of the Companies Act 2006 up to an aggregate nominal amount of £188,304.21, such authority to expire on 1 March 2015 or, if earlier, on the close of the next Annual General Meeting. Special Resolution 9 covers the Directors' authority to allot, on a non pre-emptive basis, equity securities for cash up to a maximum aggregate nominal amount equal to 5% of the issued share capital of the Company at the date the Resolution is passed. Special Resolution 10 deals with authority for the Company to buy back its own shares up to a maximum aggregate nominal amount equal to 10% of the issued share capital of the Company at the date the Resolution is passed.

Payments to suppliers

It is the Group's policy to agree terms of payment with suppliers. Suppliers are made aware of the Group's terms of payment and the Group adheres to the terms agreed. It is not the Group's policy to follow a code or standard in relation to payment practice. At 31 March 2013, the Group's creditor days were 12 (2012: 15).

Political and charitable contributions

The Group made no political contributions during the period (2012: £nil).

The Group made contributions to various local and national charities amounting to £8,022 during the period (2012: £10,815).

Corporate social responsibility

The environment

Protection of the environment and the effects of burning fossil fuels continue to be a major focus for the Leisure Airline, Package Holidays and Distribution & Logistics businesses.

The Group takes its responsibility to the environment seriously, with fuel emissions being an issue in all three businesses. In addition to environmental concerns, it is in our own and our customers' interests to ensure we operate in the most efficient and environmentally friendly way, minimising noise and emissions on every flight, and minimising the carbon impact per unit of product delivered.

In 2012/13 ***Jet2.com*** reduced fuel consumption by a further 1.4%, reflecting an increase in load factor of 2% and an increase in average sector flight time of four minutes. In addition, the airline has an ongoing programme in place with the aim of improving fuel efficiency and reducing emissions. This is being achieved by a series of initiatives, including continuing investment in flight planning technology and an investment in fleet and in aircraft modifications. Benefits are also being seen from the investment we have made in winglets, which improve aircraft performance during the take-off, climb, and cruise elements of flights. Additionally, we undertake regular specific aircraft maintenance to enhance operational performance. Particular attention is paid to aircraft loading to optimise fuel burn, as well as to our programme to eliminate unnecessary weight carried onboard. Fuel efficiency is carefully factored into our flight planning and in-flight operational procedures, including flight speeds. We also work very closely with, and have developed our links to, air traffic control organisations to improve the efficiency of airspace utilisation wherever possible.

This continued efficiency work produced a reduction in Jet fuel burn and CO_2 output, resulting in a total reduction in greenhouse gas emissions of 10,135 (2012: 34,000) metric tonnes this year.

During 2013 ***Jet2.com***, like all airlines operating within, or into and out of EU airports, continued its reporting under the regulatory mandate of the European Emissions Trading Scheme (EU ETS). The airline supports the aims of this scheme, which include a reduction of greenhouse gas emissions by 20% in 2020 compared to 1990 levels.

In respect of the aircraft fleet, all Leisure Airline aircraft exceed the International Civil Aviation Organisation's requirements for minimising air pollution. Ten of the fleet are now fitted with winglets.

As a supplier to the food sector, **Fowler Welch** is focused on supporting its customers' targets under the Food and Drink Federation's "20/20 Vision for Growth", which, amongst other things, targets a 35% reduction in the industry's carbon emissions by 2020.

For **Fowler Welch**, diesel consumption continues to be the major contributor to its carbon footprint but the business has made great progress in this area with miles per gallon improving 1.3% year-on-year. This benefit follows the business's investment in telemetry across the fleet and in management resource to focus training and development on those drivers that have the greatest need. This focus has also contributed to a reduction in the number of insurance claims involving our heavy goods fleet.

As well as investing in driver training, the business continues to concentrate on the design of its fleet and component parts. A low resistance tyre trial has been extended and the business is working closely with its tyre supplier to assess the cost and carbon benefit of the latest tyre technology. A number of aerodynamic aids have been assessed and implemented and a fuel additive trial is being carried out on our refrigerated trailer fleet, which is helping engines to burn more cleanly and, thus, more efficiently.

In the warehouses, investment is being made to improve efficiency in lighting and refrigeration units. This is part of a strategy of continuous investment in state-of-the-art energy-saving technologies and methodologies that has seen **Fowler Welch** achieve its Climate Change Levy targets every year since its inception.

Culture

We continue to expand our non-operational environmental awareness programme across each of our sites. This includes initiatives such as reducing our reliance on office air conditioning, recycling plastic cups, installing low energy lighting, initiating a "Think Before You Print" campaign and the publishing of a quarterly e-newsletter for colleagues with an environmental focus.

Employee involvement

The Group recognises the importance of promoting and maintaining good communications with its employees. Its policy is to keep colleagues regularly informed on matters relating to their employment through a range of information bulletins and newsletters covering a wide range of topics. These are supplemented by twice-yearly presentations at each location by the senior management team.

Jet2.com and ***Jet2holidays*** have an in-house recognition and reward scheme named a Great Deal Friendlier. The scheme recognises teams and individuals who have provided excellent service and gone the extra mile for both internal and external customers. This has been rolled out across the business and underpins our customer focus principles.

Jet2.com holds regular meetings with the independent consultative bodies representing our flight deck and cabin crews, with representatives being elected to these bodies from across our bases. **Fowler Welch** has a well-established framework of colleague representative forums. These forums are a vehicle for two-way communication, the resolution of workplace issues and the progression of suggestions for improvements to working practices. This is supplemented by regular communication with colleagues with regular business briefings and management conferences.

Directors' Report

Health, safety and quality

The responsibility for the health and safety of all colleagues and customers, whilst in our care, is a key matter for the Group. Additional resources are continually added to the business to meet the needs of this important area.

Accreditation to the British Retail Consortium ("BRC") continues to be the safety and quality standard for product manufacturing and handling in the UK and beyond. Toward the end of the year, Hilsea became the final site to achieve this important certification. **Fowler Welch** is proud to make known its network-wide BRC accreditation.

Equality and diversity

The Group is committed to promoting diversity and ensuring equality of opportunity for all within the workplace, regardless of race, sex, age, sexual orientation, marital or civil partnership status, pregnancy, religion, belief or disability. The Group is also committed to ensuring that its procedures and selection processes in respect of recruitment, terms and conditions of employment, access to training and promotion and the terms upon which it offers access to facilities and services are free from discrimination.

Our communities

Across the Group, we endeavour to support our local communities in a variety of ways. In addition to providing prizes for local fundraising activities, we act as sponsors of local sports teams, and support our colleagues in community work.

Going concern

Since the reporting date the Group completed the refinancing of its banking facilities with a number of funding lines committed until the end of August 2017 (refer to notes 20 and 22 for further detail). The Group's facilities are subject to security from the lending counterparties and are subject to standard financial and non-financial covenants.

For the purposes of their assessment of the appropriateness of the preparation of the Group's accounts on a going concern basis, the Directors have considered the current cash position, the availability of bank facilities, the Group's net current liability position — principally a result of continued investment in our aircraft fleet — and forecasts of future trading. The Directors have assessed the current level of forward bookings for the Leisure Airline and Package Holidays businesses, Distribution & Logistics contracts and agreements, the underlying assumptions and principal areas of uncertainty within future forecasts, in particular those related to market and customer risks which impact on future bookings, cost management, working capital management and treasury risks. A number of these are subject to market uncertainty and impact financial covenants. Recognising the potential uncertainty, the Directors have considered a range of actions available to mitigate the impact of these potential risks, should they crystallise, and have also reviewed the key strategies which underpin the forecast and the Group's ability to implement them successfully.

On the basis of the current liquidity position, the current Leisure Airline and Package Holidays forward booking profile, Distribution & Logistics contracts and agreements, the forecasts and these considerations, the Directors have assessed future covenant compliance and headroom for the foreseeable future and concluded that it is appropriate for the financial statements for the year ended 31 March 2013 to be prepared on a going concern basis.

Disclosure of information to Auditor

Each of the persons who are Directors at the date of approval of this Annual Report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Company's Auditor is unaware; and
- The Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Auditor

Our auditor, KPMG Audit Plc, has instigated an orderly wind down of business. The Board has decided to put KPMG LLP forward to be appointed as Auditor and a resolution concerning their appointment will be put to the forthcoming AGM of the Company.

By order of the Board

Gary Brown
Group Chief Financial Officer
29 July 2013

Report on Directors' Remuneration

Remuneration Committee and Advisers

During the year ended 31 March 3013 the Group's Remuneration Committee (the "Committee") was chaired by Brian Templar; its other member was Trevor Crowley. From 17 June 2013 the Committee is chaired by Mark Laurence. The Committee makes recommendations to the Board, within agreed terms of reference, on an overall remuneration package for executive Directors.

When required, KPMG Audit Plc (the Company's Auditor and tax service provider) and Addleshaw Goddard provide advice on both the Approved and Unapproved Share Option Schemes. Philip Meeson, Group Chairman and Chief Executive, provides advice in relation to the remuneration of other executive and non-executive Directors.

Remuneration policy

The Company's policy on Directors' remuneration for 2012/13 and subsequent financial years is that the overall remuneration package should be sufficiently competitive to attract, retain and motivate high quality executives capable of achieving the Group's objectives, and thereby enhancing shareholder value. The potential package consists of basic salary, benefits, share schemes, share options and performance-related bonuses. In constructing the remuneration packages, the Committee aims to achieve a balance between fixed and variable remuneration. Consideration is given to pay and employment policies elsewhere in the Group, especially when determining annual salary increases.

Executive remuneration package

The Committee, having taken external advice, believes that the value of the total employment packages of the Directors and senior managers, and the extent of performance-related elements within this, is appropriate when compared to analysis of comparable companies. The details of individual components of the remuneration package and service contracts are discussed below.

Basic salary and benefits

Base salaries for each executive Director are determined by individual performance and reference to external market data. The salary and benefits are reviewed annually. The base salary is the only element of remuneration that is pensionable. Benefits principally comprise a car, pension contributions and private healthcare.

Share options

Share options under the Unapproved Scheme are awarded periodically (subject to eligibility and available headroom) by the Committee to Directors and senior managers. Profit targets are deemed the most appropriate measure to reflect the performance of senior management.

Other than for share options granted under the Unapproved Scheme, listed below, there are no performance targets linked to the exercise of options once awarded.

For options granted on 4 September 2008, earnings must increase by at least an average of 5% over RPI per annum over performance periods of three and six financial years (in respect of 50% of the unapproved options in each case), starting from (for both performance periods) the adjusted base financial year 2007/8 net profit figure of £3.9m.

For options granted on 10 September 2009, earnings must increase by at least an average of 5% over RPI per annum over performance periods of three and six financial years (in respect of 50% of the unapproved options in each case), starting from (for both performance periods) the adjusted base financial year 2008/9 net profit figure of £28.8m.

For options granted on 5 August 2010, earnings must increase by at least an average of 5% over RPI per annum over performance periods of three and six financial years (in respect of 50% of the unapproved options in each case), starting from (for both performance periods) the adjusted base financial year 2009/10 net profit figure of £19.1m.

For options granted on 4 August 2011, earnings must increase by at least an average of 5% over RPI per annum over performance periods of three and six financial years (in respect of 50% of the unapproved options in each case), starting from (for both performance periods) the adjusted base financial year 2010/11 net profit figure of £25.9m.

Where the performance condition is not satisfied at the end of its respective three or six year performance period, the relevant 50% of share options granted shall then immediately lapse.

HMRC approved schemes

Under the Dart Group PLC Approved Share Option Plan 2005, Dart Group Company Share Option Scheme and the Dart Group Executive Share Option Scheme, the maximum value (by option exercise price) of options held by any individual, including Directors, at any one time is £30,000, the current statutory limit.

All share options granted are exercisable at the higher of (a) the nominal value of the shares and (b) the market value of the shares at the date of grant.

If an option holder ceases to be an employee of either Dart Group PLC or one of its subsidiary companies their options will normally lapse immediately. However, at the discretion of the Directors, and in certain other defined circumstances, the option may be exercised within either six months of such cessation or six months after the third anniversary of the date of grant, whichever is the later.

Dart Group PLC Unapproved Share Option Plan 2005

This Unapproved Scheme was adopted by the Board on 8 November 2005. Options may be granted to employees, but not non-executive Directors of Dart Group PLC, selected at the discretion of the Board. The full details of the scheme are summarised below.

Report on Directors' Remuneration

1. **Individual limit**

    1.1 The maximum number of shares which may on any day be placed under option for subscription under the Scheme, when added to the number of shares previously placed under option for subscription under the scheme or allocated for subscription in the preceding ten years under any other employees' share scheme adopted by the Company, shall not exceed 10% of the Company's issued share capital on that day.

    1.2 For the purpose of the above limits, options which have lapsed are disregarded.

2. **Grant of options**

    2.1 The scheme allows for the grant of options to take place at any time during the period of 42 days after the announcement by the Company of its results.

    2.2 The grant of options will be subject to the discretion of the Directors based upon the satisfaction of performance conditions. Performance conditions will be a combination of earnings per share for the Group and, in the case of subsidiary directors, the profitability of individual subsidiary company as applicable.

    2.3 No option may be granted more than ten years after the adoption of the Scheme.

    2.4 Options are personal to the option holder and may not be transferred or assigned. Options will be non-pensionable. No payment will be required for the grant of any option.

3. **Option price**

    The holder of an option will be entitled to acquire ordinary shares at a price per share to be determined by the Board at the time when the option is granted. The option price will not be less than the nominal value of an ordinary share on which the option is granted.

4. **Exercise of options**

    4.1 Unless the Board decides otherwise, options will be exercisable as follows:

    4.1.1 as to 50% of the shares originally comprised in the option on or after the third anniversary of the date of grant; and

    4.1.2 as to the remaining 50% of the shares originally comprised in the option on or after the sixth anniversary of the date of grant.

    4.2 If an option holder ceases to be an employee of either Dart Group PLC or one of its subsidiary companies their options will normally lapse immediately. However, at the discretion of the Directors, the option may be exercised within six months of such cessation.

    4.3 If the option holder dies, their personal representatives will have up to 12 months from date of death in which to exercise the options.

    4.4 No option may be exercised more than ten years after the date of grant of the option.

5. **Voting, dividend, transfer and other rights**

    5.1 Until options are exercised, option holders have no voting or dividend rights in respect of the shares to which their options relate.

    5.2 Shares issued and allotted under the scheme following the exercise of an option will rank *pari passu* in all respects with the then existing shares of the same class of the Company, with the exception of rights attaching by reference to a record date on or before the date of allotment.

Performance-related bonuses

These are assessed each year by the remuneration committee, taking into account both individual and Company performance. The maximum bonus payable under the short-term Performance-related scheme is 50% of base salary.

Pensions

The executive Directors are members of a money purchase pension scheme. The Company does not have any final salary pension schemes.

Fees

The fees for non-executive Directors are determined by the executive Directors. The non-executive Directors are not involved in any discussions or decisions about their own remuneration.

Service contracts

Philip Meeson has, and Andrew Merrick had, a service contract containing a rolling notice period of six months for either party.

Non-executive Directors do not have service contracts. The remuneration of the non-executive Directors takes the form of fees, which are set by the Executive Directors having taken advice on appropriate levels.

There are no predetermined special provisions for executive or non-executive Directors with regard to compensation in the event of loss of office. The remuneration committee considers the circumstances of individual cases of early termination and determines compensation payments accordingly.

The service contracts and letters of appointment of the Directors who served in the year include the following terms:

Executive Directors	Date of contract	Notice period (months)
Philip Meeson	20 May 2003	6
Andrew Merrick	6 June 2008	6

The non-executive Directors do not have formal fixed term contracts or notice periods but must retire by rotation.

Philip Meeson retires from the Board at the Annual General Meeting and, being eligible, offers himself for re-election.

Following their appointment by the Board in June 2013, both Gary Brown and Stephen Heapy will be proposed for re-election to the Board.

Directors' emoluments during the year

Date	Basic salary and fees	Benefits[1]	Performance-related bonuses	Total 2013	Total 2012
Philip Meeson	397,800	13,658	–	411,458	418,076
Andrew Merrick	246,600	6,619	49,320	302,539	246,656
Trevor Crowley	30,000	–	–	30,000	25,000
Mark Laurence	30,000	–	–	30,000	25,000
Brian Templar	30,000	–	–	30,000	25,000
Aggregate emoluments	734,400	20,277	49,320	803,977	739,732

(1) The remuneration package of each executive Director includes non-cash benefits comprising the provision of a Company car or car allowance and private health insurance.

Pension entitlement

In respect of 2012/13, the employer contributed to one of the Group's money purchase schemes an amount of £25,253 (2012: £25,253) in respect of Philip Meeson, and £33,236 (2012: £33,236) in respect of Andrew Merrick.

Interests in options

The Company has four share option schemes by which executive Directors and other senior executives are able to subscribe for ordinary shares in the Company and acquire shares in the Company.

The interests of the Directors who served during the year were as follows:

Director	Share Scheme	Exercise price (p)	At 1 April 2012 No.	Exercised during the year No.	Lapsed in the year No.	At 31 March 2013 No.[a]
Andrew Merrick	Approved	101.75	29,484	(14,742)	–	14,742
Andrew Merrick	Unapproved	24.75	200,000	(100,000)	–	100,000
Andrew Merrick	Unapproved	52.50	180,952	–	(90,476)	90,476
Andrew Merrick	Unapproved	67.00	82,090	–	–	82,090

(a) All unexercised options as at 31 March 2013 lapsed upon Andrew Merrick's resignation in April 2013.

The share based payment charge to the Group profit and loss account in respect of the above share options amounted to £5,785 (2012: £7,532). The aggregate emoluments disclosed above do not include any amounts for the fair value of options to acquire ordinary shares in the Company granted to, or held by, the Directors.

The mid-market price of the Company's shares on 31 March 2013 was 148.50 pence per 1.25 pence ordinary share. The highest and lowest closing mid-market prices during the year were 154.75 pence and 63.00 pence respectively.

The interests of the Directors to subscribe for or acquire ordinary shares have not changed since the year end.

On behalf of the Board

Mark Laurence
Director, Chairman of the Remuneration Committee
29 July 2013

Corporate Governance Statement

The Company is committed to the principles of corporate governance contained in the UK Corporate Governance Code, issued by the Financial Reporting Council in June 2010 (the "Code"), and for which the Board is accountable to shareholders; a copy of the Code can be obtained at www.frc.org.uk/corporate/ukcgcode. The Company does not currently comply with the Code in respect of the number of non-executive directors on its board of directors.

As the Company is listed on AIM, it is not required to comply with the provisions set out in the Code; however, the following information is provided which describes how the Company applies the principles of the code.

Statement of compliance with the Code

Throughout the year ended 31 March 2013, the board considers that it, and the Company, has been in compliance with the Code.

Statement about applying the principles of the Code

The Company has applied the principles set out in the Code, including both the main principles and the supporting principles, by complying with the Code as reported above. Further explanation of how the main Principles have been applied is set out below and in the Directors' Remuneration Report and Audit Committee Report.

The Board

The Board currently comprises Philip Meeson, who owns 38.8% of the issued share capital of Dart Group PLC and performs the role of Group Chairman and Chief Executive, Gary Brown, the Group Chief Financial Officer, Stephen Heapy and one independent non-executive Director, Mark Laurence. The biographies of the Directors appear on page 19 of this Annual Report. These Directors demonstrate a range of experience and calibre to bring independent judgement on issues of strategy, performance, resources and standards of conduct which is vital to the success of the Group. The Board is responsible to shareholders for the proper management of the Group. A statement of the Directors' responsibilities in respect of the Annual Report and financial statements is set out on page 28 and a statement on going concern is given within the notes to the Consolidated financial statements on page 35.

The Board has a formal schedule of matters specifically reserved to it for decision. All Directors have access to the advice and services of the Company Secretary who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. In addition, the Company Secretary ensures that the Directors receive appropriate training as necessary. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

The Board meets at least four times a year, reviewing trading performance, ensuring adequate funding and setting and monitoring strategy. To enable the Board to discharge its duties, all Directors receive appropriate and timely information, and in the months when the Board does not meet, the Directors receive a formal written report.

The Group does not operate a nomination committee due to the size and nature of the Board. New Director appointments are a matter for the Board as a whole.

The following committees deal with the specific aspects of the Group's affairs.

Board committees

The number of full Board meetings and committee meetings scheduled, held and attended by each Director during the year was as follows:

	Board meetings	Remuneration committee meetings	Audit committee meetings
Philip Meeson, Group Chairman and Chief Executive	4	2*	–
Andrew Merrick, Group Finance Director	4	–	2*
Trevor Crowley, Senior Independent Non-Executive Director	4	2	2
Brian Templar, Non-Executive Director	4	2	2
Mark Laurence, Non-Executive Director	4	–	2

* By invitation.

Remuneration Committee

During the year the Group's Remuneration Committee was chaired by Brian Templar; its other member was Trevor Crowley. It is responsible for making recommendations to the Board, within agreed terms of reference, on the Company's framework of executive remuneration and its cost. The committee determines the contract terms, remuneration and other benefits for the executive Directors, including performance-related bonus schemes, pension rights and compensation payments.

Upon the resignation of Trevor Crowley and Brian Templar in June 2013, Mark Laurence was appointed Chairman of the Remuneration Committee. It is intended that a further appointment will be made in due course.

Audit Committee

The Audit Committee was chaired by Trevor Crowley with both Brian Templar and Mark Laurence also being members. It meets not less than twice per year and provides a forum for reporting by the Group's external Auditor. Meetings are also attended, by invitation, by the Chief Executive and Group Chief Financial Officer.

The Audit Committee is responsible for reviewing a wide range of matters, including the half-year results and the Group's Annual Report, before submission to the Board, and monitoring the controls which are in force to ensure the integrity of the information reported to the shareholders.

In 2012/13, the Audit Committee discharged its responsibilities by:

- reviewing the Group's 2012/13 Annual Report and 2012/13 interim results statement prior to Board approval and reviewing the external Auditor's reports thereon;
- reviewing the appropriateness of the Group's accounting policies;
- reviewing the appropriateness of the Group's control framework;
- reviewing and approving the 2013 audit fee and reviewing non-audit fees payable to the Group's external Auditor in 2013; and
- reviewing the external Auditor's plan for the audit of the Group's 2013 accounts, including key risks on the accounts, confirmations of Auditor independence, and approving the terms of engagement for the audit.

Since 2005, the Audit Committee has met at least twice a year.

Upon the resignation of Trevor Crowley and Brian Templar in June 2013, Mark Laurence was appointed Chairman of the Audit Committee. It is intended that a further appointment will be made in due course.

Internal control

The Board of Directors is responsible for the Group's system of internal control and for reviewing its effectiveness. Any such system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board has maintained its processes for the year and, up to the date of signing of the accounts, for identifying, evaluating and managing the significant risks faced by the Group and the Board confirms that these accord with the Turnbull Guidance for Directors on internal control.

In order to ensure compliance with laws and regulations, and promote effective and efficient operations, the Directors have established an organisational structure with clear operating procedures, lines of responsibility and delegated authority. Comprehensive guidance on financial and non-financial matters for all managers and employees is given in the Group management manual. In particular there are clear procedures for:

- approval of invoices before authorisation for their payment;
- capital investment, with detailed appraisal, authorisation and post-investment review; and
- financial reporting, within a comprehensive financial planning, budgeting, reporting and accounting framework.

The Company has an independent internal audit department, which performs a full and regular monitoring role of the Company's procedures, driving improvements into the robustness of controls, highlighting significant departures from procedures back to the business and suggesting relevant KPIs for future monitoring. Other areas of risk assessment and monitoring which may normally be carried out by an internal audit department are, in the main, covered by the Board either as a whole or within the various meetings highlighted.

Relations with shareholders

Communications with shareholders are given high priority. The Business and Financial Review on pages 6 to 17 includes a detailed review of the Group's business and future developments. There is regular dialogue with institutional shareholders, including presentations after the announcement of the Group's interim and preliminary full year results.

The Board uses the Annual General Meeting to communicate with private and institutional investors and welcomes their participation. The Chairman aims to ensure that the chairmen of the Audit and Remuneration Committees are available at Annual General Meetings to answer questions. Details of resolutions to be proposed at the Annual General Meeting on 5 September 2013 can be found in the notice of the meeting.

Statement of Directors' Responsibilities

in respect of the Annual Report and the financial statements

Directors' responsibilities

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

Company law requires the Directors to prepare the Group and Parent Company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the Parent Company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the Parent Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures being disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors have decided to prepare voluntarily a Corporate Governance Statement as if the Company were required to comply with the Listing Rules and the Disclosure Rules and Transparency Rules of the Financial Conduct Authority, the new name of the Financial Services Authority with effect from 1 April 2013, in relation to those matters.

By order of the Board

Philip Meeson
Group Chief Executive
29 July 2013

Gary Brown
Group Chief Financial Officer
29 July 2013

Independent Auditor's Report

to the members of Dart Group PLC

We have audited the financial statements of Dart Group PLC for the year ended 31 March 2013 set out on pages 30 to 68. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 28, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2013 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the Parent Company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company Financial Statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Mick Davies (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc,
Statutory Auditor
Chartered Accountants, Leeds
29 July 2013

Consolidated Group Income Statement

for the year ended 31 March 2013

Continuing operations	Note	Results for the year ended 31 March 2013 £m	Results for the year ended 31 March 2012 £m
Turnover	5	**869.2**	683.0
Net operating expenses	6	**(831.3)**	(654.5)
Operating profit	5, 7	**37.9**	28.5
Finance income	8	**3.6**	1.4
Finance costs	8	**(1.0)**	(1.8)
Net financing costs		**2.6**	(0.4)
Profit before taxation		**40.5**	28.1
Taxation	10	**(9.3)**	(5.4)
Profit for the year (all attributable to equity shareholders of the parent)		**31.2**	22.7
Earnings per share			
– basic	12	**21.73p**	16.01p
– diluted	12	**21.44p**	15.48p

Consolidated Group Statement of Comprehensive Income

for the year ended 31 March 2013

	Year ended 31 March 2013 £m	Year ended 31 March 2012 £m
Profit for the year	**31.2**	22.7
Effective portion of fair value movements in cash flow hedges	**(3.3)**	(14.3)
Net change in fair value of effective cash flow hedges transferred to profit	**–**	–
Taxation on components of other comprehensive income	**0.6**	3.8
Other comprehensive income and expense for the period, net of taxation	**(2.7)**	(10.5)
Total comprehensive income for the period all attributable to owners of the parent	**28.5**	12.2

Consolidated Balance Sheet

at 31 March 2013

	Note	2013 £m	2012 £m
Non-current assets			
Goodwill	13	**6.8**	6.8
Property, plant and equipment	14	**269.1**	234.9
Derivative financial instruments	22	**1.0**	3.6
		276.9	245.3
Current assets			
Inventories	15	**1.3**	1.4
Trade and other receivables (due over 1 yr £6.6m (2012: £6.6m))	17	**226.2**	117.4
Derivative financial instruments	22	**22.2**	25.8
Money market deposits	16	**30.0**	77.0
Cash and cash equivalents	16	**190.9**	75.0
		470.6	296.6
Total assets		**747.5**	541.9
Current liabilities			
Trade and other payables	18	**92.0**	61.2
Deferred revenue		**407.1**	256.8
Borrowings	20	**0.8**	0.8
Provisions	21	**2.1**	1.7
Derivative financial instruments	22	**4.2**	7.8
		506.2	328.3
Non-current liabilities			
Other non-current liabilities	19	**11.4**	11.9
Borrowings	20	**7.7**	8.5
Derivative financial instruments	22	**0.3**	1.4
Deferred tax liabilities	10	**35.3**	32.9
		54.7	54.7
Total liabilities		**560.9**	383.0
Net assets		**186.6**	158.9
Shareholders' equity			
Share capital	23	**1.8**	1.8
Share premium		**10.7**	9.8
Cash flow hedging reserve	23	**12.4**	15.1
Retained earnings		**161.7**	132.2
Total shareholders' equity		**186.6**	158.9

The accounts on pages 30 to 68 were approved by the Board of Directors at a meeting held on 29 July 2013 and were signed on its behalf by:

Gary Brown
Director

Dart Group PLC
Registered no. 01295221

Consolidated Group Cash Flow Statement

for the year ended 31 March 2013

	Note	2013 £m	2012 £m
Cash flows from operating activities			
Profit on ordinary activities before taxation		**40.5**	28.1
Adjustments for:			
Finance income	8	**(3.6)**	(1.4)
Finance costs	8	**1.0**	1.8
Depreciation	14	**45.5**	34.4
Equity settled share based payments	23	**0.4**	0.4
Operating cash flows before movements in working capital		**83.8**	63.3
Decrease/(increase) in inventories		**0.1**	(0.6)
Increase in trade and other receivables		**(108.5)**	(43.3)
Increase in trade and other payables		**29.2**	2.7
Increase in deferred revenue		**150.3**	79.7
Increase/(decrease) in provisions		**0.4**	(2.2)
Cash generated from operations		**155.3**	99.6
Interest received		**1.4**	0.5
Interest paid		**(1.1)**	(1.8)
Income taxes paid		**(5.3)**	(3.8)
Net cash from operating activities		**150.3**	94.5
Cash flows used in investing activities			
Purchase of property, plant and equipment	14	**(79.7)**	(47.3)
Proceeds from sale of property, plant and equipment		**–**	0.3
Net decrease/(increase) in money market deposits	16	**47.0**	(68.5)
Net cash used in investing activities		**(32.7)**	(115.5)
Cash flows from financing activities			
Repayment of borrowings		**(0.8)**	(1.9)
New loans advanced		**–**	0.6
Proceeds on issue of shares		**0.9**	0.2
Equity dividends paid	11	**(2.1)**	(1.8)
Net cash used in financing activities		**(2.0)**	(2.9)
Effect of foreign exchange rate changes		**0.3**	0.6
Net increase/(decrease) in cash in the year	26	**115.9**	(23.3)
Cash and cash equivalents at beginning of year	26	**75.0**	98.3
Cash and cash equivalents at end of year	26	**190.9**	75.0

Consolidated Group Statement of Changes in Equity

for the year ended 31 March 2013

	Share capital £m	Share premium £m	Cash flow hedging reserve £m	Retained earnings £m	Total reserves £m
Balance at 1 April 2011	**1.8**	**9.6**	**25.6**	**110.9**	**147.9**
Total comprehensive income for the year	–	–	(10.5)	22.7	12.2
Issue of share capital	–	0.2	–	–	0.2
Dividends paid in the year	–	–	–	(1.8)	(1.8)
Share based payments	–	–	–	0.4	0.4
Balance at 31 March 2012	**1.8**	**9.8**	**15.1**	**132.2**	**158.9**
Total comprehensive income for the year	–	–	(2.7)	31.2	28.5
Issue of share capital	–	0.9	–	–	0.9
Dividends paid in the year	–	–	–	(2.1)	(2.1)
Share based payments	–	–	–	0.4	0.4
Balance at 31 March 2013	**1.8**	**10.7**	**12.4**	**161.7**	**186.6**

Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

1. Authorisation of financial statements and statement of compliance

The Group's financial statements for the year ended 31 March 2013 were authorised by the Board of Directors on 29 July 2013 and the balance sheet was signed on the Board's behalf by Gary Brown, Group Chief Financial Officer. Dart Group PLC is a public limited company incorporated and domiciled in England and Wales. The Company's ordinary shares are traded on AIM.

The Group's financial statements consolidate the financial statements of Dart Group PLC and its subsidiaries.

2. Accounting policies

The Group's financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards ("IFRSs"), as adopted by the European Union ("Adopted IFRSs").

The Company has elected to prepare its Parent Company financial statements in accordance with UK GAAP; these are presented on pages 62 to 68.

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

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

Basis of preparation

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

The Group uses forward foreign currency contracts, currency option products and aviation fuel swaps to hedge exposure to foreign exchange rates and aviation fuel price volatility. The Group also uses forward EU Allowance contracts and forward Certified Emissions Reduction contracts to hedge exposure to Carbon Emissions Allowance price volatility, following the need for the Group to join the EU Emissions Trading Scheme from 1 January 2012. Such derivative financial instruments are stated at fair value.

Going concern

The Directors have prepared financial forecasts for the Group, comprising operating profit, balance sheet and cash flows through to 31 March 2016.

Since the reporting date the Group completed the refinancing of its bank facilities with a number of funding lines committed until the end of August 2017 (refer to note 22 for further detail). The Group's facilities are subject to security from the lending counterparties and are subject to standard financial and non-financial covenants.

For the purposes of their assessment of the appropriateness of the preparation of the Group's accounts on a going concern basis, the Directors have considered the current cash position, the availability of bank facilities, the Group's net current liability position — principally a result of continued investment in our aircraft fleet — and forecasts of future trading. The Directors have assessed the current level of forward bookings for the Leisure Airline and Package Holidays businesses, Distribution & Logistics contracts and agreements, the underlying assumptions and principal areas of uncertainty within future forecasts, in particular those related to market and customer risks which impact on future bookings, cost management, working capital management and treasury risks. A number of these are subject to market uncertainty and impact financial covenants. Recognising the potential uncertainty, the Directors have considered a range of actions available to mitigate the impact of these potential risks, should they crystallise, and have also reviewed the key strategies which underpin the forecast and the Group's ability to implement them successfully.

On the basis of the current liquidity position, the current Leisure Airline and Package Holidays forward booking profile, Distribution & Logistics contracts and agreements, the forecasts and these considerations, the Directors have assessed future covenant compliance and headroom for the foreseeable future and concluded that it is appropriate for the financial statements for the year ended 31 March 2013 to be prepared on a going concern basis.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

2. Accounting policies – continued

Basis of consolidation

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Revenue

Turnover (which excludes Value Added Tax and Air Passenger Duty) arises from passenger aircraft operations, holidays, retail activities, charter and cargo aircraft operations and warehousing and distribution activities conducted by the Group. Revenue from ticket sales for scheduled passenger flights and total revenue from package holidays is recognised at the date of departure. Charter aircraft income is recognised in the period in which the service is provided. Retail revenues from in-flight sales, baggage charges, seat assignment fees, check-in fees and extra legroom charges are also recognised once the associated flight has departed, or holiday started. Separately identified incremental credit card charges and call centre booking fees are recognised at the date of booking and booking change fees are recognised when the change is made, in line with the costs which such charges are designed to cover.

Commission earned from car hire bookings is recognised on departure and from travel insurance on booking, reflecting the point when services are performed. Amounts received from customers for whom revenue has not yet been recognised are recorded in the balance sheet within trade and other payables as deferred revenue.

Distribution revenue relating to deliveries is recognised when the delivery has been completed. Warehousing revenue is spread evenly over the period to which it relates.

The Group operates a loyalty programme. The programme operates through the Leisure Airline's "***myJet2***" loyalty scheme and allows members of the scheme to accumulate points that entitle them to substantially free travel. Revenue is recorded at the amount of consideration received or receivable, less the fair value of the points awarded. The full fair value of the points deducted is carried forward as a liability. During the year the Group announced the closure of the points element of the scheme.

Foreign currencies

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations and of related qualifying hedges are taken directly to the translation reserve. They are released into the income statement upon disposal.

The Group has taken advantage of relief available in IFRS 1 to deem the cumulative translation differences for all foreign operations to be zero at the date of transition to Adopted IFRSs (1 April 2006).

Investments

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

2. Accounting policies – continued

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any provision for impairment. Interest attributable to the purchase of aircraft and other assets and progress payments on account whilst such aircraft are undergoing conversion from passenger to freighter or "Quick Change" is capitalised and added to the cost of the asset concerned. Interest is capitalised at rates equal to the rates paid on the financial instruments used to finance the purchase and conversion of aircraft.

Depreciation is calculated to write the cost of property, plant and equipment down to their estimated residual value using the straight-line method over their estimated useful economic lives or the estimated useful economic lives of their individual major components as follows:

Short leasehold property	Over the life of the lease
Freehold property	30 years
Aircraft and engines	2–30 years
Plant, vehicles and equipment	3–7 years
Freehold land	Not depreciated

An element of the cost of acquired aircraft is attributed on acquisition to its major components and to the prepaid maintenance of its engines and airframes and is amortised over the period until the next maintenance event. 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 the enhancements. The underlying value of the aircraft is depreciated to the expected residual value of the aircraft being 25–30 years from original build date depending on the category of aircraft. Where aircraft are subject to specific life extension expenditure, the cost of such work is depreciated over the remaining life and the underlying value of the aircraft is depreciated to this same date. All other maintenance costs are expensed to the income statement as incurred.

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. Asset carrying values are reviewed for impairment if events or changes in circumstances indicate that the carrying values may not be recoverable.

Impairment of assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

At each balance sheet date, an assessment is made to determine whether there is any indication that an impairment loss recognised in prior periods may no longer exist or has decreased. Where such an indication exists, an impairment loss is reversed to the extent that the asset's carrying value does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities and contingent liabilities of a subsidiary at the date of acquisition. Goodwill is allocated to cash-generating units and is not amortised but is subject to an impairment test both annually and when indications of impairment arise. Goodwill is stated at cost less any accumulated impairment losses.

Prior to 1 April 2006, goodwill was amortised over its estimated useful life; such amortisation ceased on 31 March 2006. Goodwill previously written off to reserves under UK GAAP prior to 1998 has not been reinstated and is not taken into account in calculating any profit or loss on disposal of a business. Goodwill is allocated to a cash-generating unit for the purpose of impairment testing. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets, or groups of assets. Impairment of goodwill is not reversed.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

2. Accounting policies – continued

Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated second-hand value.

Aircraft spares, held for long-term use, are classified within tangible fixed assets within the financial statements.

Aircraft maintenance provisions

The Group operates a power by the hour contract for the maintenance of the majority of its B737-300 engines. This contract fixes the maintenance costs for the overhaul of these engines and payments are made to the maintenance provider to reflect usage.

Amounts payable under this contract are held in the balance sheet until an individual engine overhaul is undertaken. At such an event, the notional cost of overhaul is capitalised and then depreciated in line with usage, over the remaining life of the aircraft.

Leased aircraft

Provision is made for the estimated future costs of major overhauls of leased airframes, engines and auxiliary power units by making appropriate charges to the income statement, calculated by reference to the number of hours or cycles operated during the year, as a consequence of aircraft rectification obligations arising from the operating lease agreements.

Owned aircraft

The accounting for maintenance expenditure on owned aircraft, other than that performed under power by the hour contracts, is as set out under Property, plant and equipment above.

Cash and cash equivalents

Cash equivalents are defined as including short-term deposits with original maturity within three months of the balance sheet date and restricted cash paid over to various counterparties as collateral against relevant exposures. For the purposes of the consolidated cash flow statement, bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents.

Money market deposits

Money market deposits comprise deposits with maturity more than three months after the reporting date.

Classification of financial instruments issued by the Group

Financial instruments issued by the Group are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium accounts exclude amounts in relation to those shares. Finance payments associated with financial liabilities are dealt with as part of the finance expenses. Finance payments associated with financial instruments that are classified as equity are dividends and recorded directly in equity.

Financial instruments

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost, using the effective interest method, less any impairment loss.

Trade and other payables

Trade and other payables are recognised at fair value.

2. Accounting policies – continued

Interest bearing loans and borrowing

All loans and borrowings are initially recorded at the fair value of their net proceeds. Thereafter, they are measured at amortised cost using the effective interest method.

Derivative financial instruments and hedging

The Group uses forward foreign currency contracts, currency option products and aviation fuel swaps and options to hedge exposure to foreign exchange rates and aviation fuel price volatility. The Group also uses forward EU Allowance contracts and forward Certified Emissions Reduction contracts to hedge exposure to Carbon Emissions Allowance price volatility. Such derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the income statement unless hedge accounting is applied.

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective portion of the gain or loss on the hedging instrument from the inception of the hedging relationship is recognised directly in a hedging reserve within equity. Any ineffective portion is recognised within the income statement.

When the hedged, highly probable, forecast transaction results in the recognition of a non-financial asset or liability, then, at the time the asset or liability is recognised, the associated gains or losses that had previously been recognised in equity are included in the initial measurement of that asset or liability.

For all other cash flow hedges, the recycling of the cash flow hedge is taken to the income statement in the same period in which the hedged commitment affects profit or loss.

Leases

Rental charges on operating leases are charged to the income statement on a straight-line basis over the life of the lease.

Taxation

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

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

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

Employee benefits

Defined contribution plans

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

Share based payments

The Company issues equity settled share based payments to certain employees. The fair value of employee share option plans is measured at the date of grant of the option using the binomial valuation model. The resulting cost, as adjusted for the expected and actual level of vesting of the options, is charged to income over the period in which the options vest. At each balance sheet date before vesting the cumulative expense is calculated, based on the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market vesting conditions, and hence the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous balance sheet date is recognised in profit and loss.

The Group has applied the exemption available under IFRS 1 to apply IFRS 2 only to those options granted after 7 November 2002 which were unvested as of 1 April 2006.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

3. Accounting estimates and judgements

In the application of the Group's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by the Directors in the application of the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements are discussed below.

Goodwill

Goodwill was tested for impairment on transition to IFRS and has been tested annually thereafter. Goodwill is attributable to one cash-generating unit: **Fowler Welch**, whose principal activity is the distribution of fresh produce and temperature-controlled and ambient products. Impairment reviews take account of the recoverable amount of cash-generating units, which is based on a value in use calculation utilising the unit's annual budget for the forthcoming year and forecasts for the following four years. Thereafter a growth rate of 2.0% (2012: 2.0%) has been assumed. Projected cash flows have been discounted utilising a discount rate of 10% (2012: 10%). The key assumptions used in the impairment review relate to sales growth, the retention of existing business, and operating margins.

The key sensitivity in this calculation is the discount rate used, although the Directors consider that it is unlikely that any currently foreseeable change in the discount rate would give rise to further impairment. The discount rate assumed uses external sources of information, such as peer company data published in the financial press, and reflects current market assessments of the time value of money and the risks specific to the asset.

The carrying amount of goodwill with an indefinite life at the balance sheet date was £6.8m (2012: £6.8m).

Impairment of assets excluding goodwill

Aircraft carrying values were tested for impairment on transition to IFRS. Thereafter, where there is a risk that carrying values are impaired, a full impairment review is undertaken. The smallest cash-generating unit to which this can be applied is aircraft fleet type. The carrying amounts of aircraft were £223.2m (2012: £188.2m). There was no indication of impairment during the year and therefore no impairment losses were recorded.

Residual value of tangible fixed assets

Judgements have been made in respect of the residual values of aircraft included in Property, plant and equipment and, upon review in the year, have been amended. Those judgements determine the amount of depreciation charged in the income statement.

Customer loyalty programme

Judgements have been made in respect of the level of expiry for all unredeemed points. This level of point utilisation is estimated by management based on the terms and conditions of membership and historical accumulation and redemption patterns. In addition, redemption estimates have been amended to reflect the winding down of the current points scheme.

4. New IFRS and amendments to IAS and interpretations

The IASB has issued the following standards and interpretations, with an effective date after the date of these financial statements. Their adoption, where applicable, is not expected to have a material affect on the financial statements of the Group.

International Financial Reporting Standards	Applies to periods beginning after
IFRS 10 Consolidated Financial Statements	January 2014
IFRS 12 Disclosure of Interests in Other Entities	January 2014
IFRS 13 Fair value measurement	January 2013
IAS 19 Post-employment benefits (amended)	January 2013
IAS 32 Financial Instruments — offsetting financial assets and liabilities	January 2014
IFRS 9 Financial Instruments	January 2015

5. Segmental reporting

Business segments

The Chief Operating Decision Maker ("CODM") is responsible for the overall resource allocation and performance assessment of the Group. The Board approves major capital expenditure, assesses the performance of the Group and also determines key financing decisions. As such, the Group considers that the Board is the CODM.

The Group's operating segments have been identified based on the internal reporting information provided to the CODM in order for the CODM to formulate allocation of resources to segments and assess their performance. From such information, the Leisure Airline, Package Holidays and Distribution & Logistics businesses have been determined to represent operating segments.

The Leisure Airline and Package Holidays businesses are run on the basis of the evaluation of route revenue, yield and margin data. However, resource allocation decisions are made based on the entire route network and, in the case of Leisure Airline, the deployment of the entire aircraft fleet. The objective in making resource allocation decisions is to maximise the segment results rather than individual routes within the network.

The Distribution & Logistics business is run on the basis of the evaluation of distribution centre-level performance data. However, resource allocation decisions are made based on the entire distribution network. The objective in making resource allocation decisions is to maximise the segment results rather than individual distribution centres within the network.

Group eliminations include the removal of seat sales by Leisure Airline to the Package Holidays business and the removal of intersegment asset and liability balances.

Following the identification of the operating segments, the Group has assessed the similarity of the characteristics of the operating segments. Given the different performance targets, customer bases and operating markets of each of the operating segments it is not appropriate to aggregate the operating segments for reporting purposes and therefore all three of the identified operating segments are disclosed as reportable segments:

- Leisure Airline, comprising the Group's scheduled leisure airline, ***Jet2.com***;
- Package Holidays, comprising the Group's ATOL protected tour operator, ***Jet2holidays***; and
- Distribution & Logistics, comprising the Group's logistics company, **Fowler Welch**.

The Board assesses the performance of each segment based on operating profit, profit before and after tax, and EBITDA. Revenue from reportable segments is measured on a basis consistent with the income statement. Revenue is principally generated from within the UK, the Group's country of domicile.

Notes to the Consolidated Financial Statements

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5. Segmental reporting – continued

Segment results, assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis. No customer represents more than 10% of the Group's revenue.

	Distribution & Logistics £m	Leisure Airline £m	Package Holidays £m	Group eliminations £m	**Total £m**
Year ended 31 March 2013					
Turnover	155.2	556.2	244.8	–	**956.2**
Inter-segment turnover	–	–	–	(87.0)	**(87.0)**
Turnover	155.2	556.2	244.8	(87.0)	**869.2**
EBITDA	6.8	69.8	6.8	–	**83.4**
Operating profit	4.7	26.7	6.5	–	**37.9**
Finance income	–	3.3	0.3	–	**3.6**
Finance costs	(0.3)	(0.7)	–	–	**(1.0)**
Profit before taxation	4.4	29.3	6.8	–	**40.5**
Taxation	(1.4)	(6.2)	(1.7)	–	**(9.3)**
Profit after taxation	3.0	23.1	5.1	–	**31.2**
Assets and liabilities					
Segment assets	72.9	535.5	527.4	(388.3)	**747.5**
Segment liabilities	(37.6)	(394.3)	(517.3)	388.3	**(560.9)**
Net assets	35.3	141.2	10.1	–	**186.6**
Other segment information					
Property, plant and equipment additions	0.9	78.7	0.1	–	**79.7**
Depreciation, amortisation and impairment	(2.1)	(43.1)	(0.3)	–	**(45.5)**
Share based payments	(0.1)	(0.2)	(0.1)	–	**(0.4)**

5. Segmental reporting – continued

	Distribution & Logistics £m	Leisure Airline £m	Package Holidays £m	Group eliminations £m	**Total £m**
Year ended 31 March 2012					
Turnover	152.4	461.3	114.5	–	**728.2**
Inter-segment turnover	–	–	–	(45.2)	**(45.2)**
Turnover	152.4	461.3	114.5	(45.2)	**683.0**
EBITDA	6.4	53.7	2.8	–	**62.9**
Operating profit	4.3	21.7	2.5	–	**28.5**
Finance income	–	1.4	–	–	**1.4**
Finance costs	(0.4)	(1.4)	–	–	**(1.8)**
Profit before taxation	3.9	21.7	2.5	–	**28.1**
Taxation	(1.1)	(3.6)	(0.7)	–	**(5.4)**
Profit after taxation	2.8	18.1	1.8	–	**22.7**
Assets and liabilities					
Segment assets	71.5	443.2	227.3	(200.1)	**541.9**
Segment liabilities	(39.2)	(321.6)	(222.3)	200.1	**(383.0)**
Net assets	32.3	121.6	5.0	–	**158.9**
Other segment information					
Property, plant and equipment additions	6.2	40.8	0.3	–	**47.3**
Depreciation, amortisation and impairment	(2.1)	(32.0)	(0.3)	–	**(34.4)**
Share based payments	(0.1)	(0.3)	–	–	**(0.4)**

6. Net operating expenses

	2013 £m	2012 £m
Direct operating costs		
Fuel	**189.1**	175.5
Landing, navigation & third party handling	**114.4**	92.9
Aircraft and vehicle rentals	**28.8**	22.1
Maintenance costs	**39.7**	30.3
Subcontractor charges	**40.9**	39.5
Accommodation costs	**108.8**	52.6
In-flight cost of sales	**15.8**	11.0
Other direct operating costs	**39.3**	26.3
Staff costs	**144.0**	123.4
Depreciation of property, plant and equipment	**45.5**	34.4
Other operating charges	**65.6**	46.8
Other operating income	**(0.6)**	(0.3)
	831.3	654.5

Other operating income includes rents receivable and other sundry income.

Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

7. Operating profit

		2013 £m	2012 £m
Operating profit is stated after charging:			
Operating lease rentals:	land and buildings	2.0	1.3
	plant and machinery	22.6	20.8

Auditor's remuneration	2013 £m	2012 £m
Audit of these financial statements	0.2	0.1
Amounts receivable by Auditor and its associates in respect of:		
Other services relating to taxation	–	0.1
Other services	0.3	0.1

8. Net finance costs

	2013 £m	2012 £m
Finance income		
Interest receivable	1.6	1.2
Gain arising from derivatives ineligible for cash flow hedge accounting	1.4	–
Ineffective portion of changes in fair value of cash flow hedges (note 22)	0.6	0.2
	3.6	1.4
Finance costs		
Borrowings	(0.5)	(1.2)
Other interest payable	(0.5)	(0.6)
	(1.0)	(1.8)
Net finance costs	2.6	(0.4)

9. Employees

The average monthly number of persons, including executive Directors, employed by the Group during the year was:

	2013 Number	2012 Number
Continuing operations		
Operations	**3,049**	2,644
Administration	**713**	675
	3,762	3,319

	2013 £m	2012 £m
Wages and salaries	**128.0**	109.9
Share options – value of employee services	**0.4**	0.4
Social security costs	**12.9**	11.0
Other pension costs	**2.7**	2.1
	144.0	123.4

Remuneration of the Directors, who are key management personnel of the Group, is set out below in aggregate. There are no personnel, other than the Directors, who as key management have authority and responsibility for planning, directing and controlling the activities, directly or indirectly, of Dart Group PLC. No member of key management had any material interest during the year in a contract of significance (other than a service contract) with the Company or any of its subsidiaries.

	2013 £m	2012 £m
Details of key management personnel		
Short-term employee benefits	**4.2**	5.0
Post-employment benefits	**0.2**	0.3
Total employee benefit costs of key management personnel	**4.4**	5.3

In addition to the following, details of executive Directors' remuneration, along with information concerning options and retirement benefits, are set out in the report on Directors' remuneration on pages 23 to 25.

	2013	2012
Details of Directors' remuneration		
Highest paid Director	**£0.4m**	£0.4m
Number of Directors for whom retirement benefits accrue	**2**	2
Number of Directors who exercised share options	**1**	–

Notes to the Consolidated Financial Statements

for the year ended 31 March 2013

10. Taxation

	2013 £m	2012 £m
Current taxation:		
UK corporation tax based upon the profits for the year:		
– current year	6.2	2.8
– prior year	–	0.3
Current tax charge for the year	6.2	3.1
Deferred taxation:		
Origination and reversal of temporary differences		
– current year	3.7	4.0
– prior year	0.3	–
Rate changes	(0.9)	(1.7)
	3.1	2.3
Total tax in income statement for the year	9.3	5.4

The current tax assessed for the current year is lower (2012: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	2013 £m	2012 £m
Profit before taxation	40.5	28.1
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2012: 26%)	9.7	7.3
Effects of:		
Expenses not deductible	0.1	(0.3)
Tax rate change	(0.8)	(1.8)
Prior year tax charge	0.3	0.2
Total (see above)	9.3	5.4

During the period the Group has reflected the change in the enacted tax rate from 24% to 23%, which was effective from 1 April 2013. The UK Government has also indicated that it intends to enact future reductions in the standard corporation tax rate down to 21% by 1 April 2014, but the reductions have not been substantively enacted at the balance sheet date. These future standard tax rate reductions are not expected to have a material impact on the financial statements.

The net deferred tax liability in the balance sheet is as follows:

	2013 £m	2012 £m
Deferred tax assets	1.1	2.3
Deferred tax liabilities	(36.4)	(35.2)
	(35.3)	(32.9)

10. Taxation – continued

The movement in the net deferred tax liability is as follows:

	2013 £m	2012 £m
At 1 April	**(32.9)**	(34.4)
Charge to income statement	**(3.0)**	(2.3)
Credit taken direct to equity	**0.6**	3.8
At 31 March	**(35.3)**	(32.9)

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

Deferred tax assets

	Financial instruments £m
At 1 April 2011	6.5
Charge to income	(3.5)
Charge to equity	(0.7)
At 31 March 2012	2.3
Charge to income	(1.1)
Charge to equity	(0.1)
At 31 March 2013	**1.1**

Deferred tax liabilities

	Accelerated capital allowances £m	Financial instruments £m	Other £m	Total £m
At 1 April 2011	25.0	15.4	0.5	**40.9**
Charge/(credit) to income	2.2	(3.4)	–	**(1.2)**
Credit to equity	–	(4.5)	–	**(4.5)**
At 31 March 2012	27.2	7.5	0.5	**35.2**
Charge/(credit) to income	2.5	(0.6)	–	**1.9**
Credit to equity	–	(0.7)	–	**(0.7)**
At 31 March 2013	**29.7**	**6.2**	**0.5**	**36.4**

Financial instruments in the tables above include the deferred tax impact of the Group's forward foreign currency contracts, currency option products, aviation fuel swaps and options, EU Allowance contracts and forward Certified Emissions Reduction contracts.

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11. Dividends

	2013 £m	2012 £m
Interim 0.54 pence (2012: 0.43 pence) per share – paid 1 February 2013	0.8	0.6
Final 0.89 pence (2012: 0.83 pence) per share – paid 19 October 2012	1.3	1.2
	2.1	1.8

12. Earnings per share

	2013 Number	2012 Number
Basic weighted average number of shares in issue	143,618,691	142,129,972
Dilutive potential ordinary shares: employee share options	1,926,331	4,872,314
Diluted weighted average number of shares in issue	145,545,022	147,002,286

Basis of calculation – earnings (basic and diluted)

	£m	£m
Profit for the purposes of calculating basic and diluted earnings	31.2	22.7

	Year to 31 March 2013	Year to 31 March 2012
Earnings per share – Total		
– basic	21.73p	16.01p
– diluted	21.44p	15.48p

13. Goodwill

	£m
Cost as at 1 April 2012 and 31 March 2013	7.0
Impairment provision as at 1 April 2012 and 31 March 2013	(0.2)
Net book value as at 31 March 2012 and 31 March 2013	**6.8**

14. Property, plant and equipment

	Freehold property £m	Short leasehold property £m	Aircraft and engines £m	Plant, vehicles and equipment £m	**Total £m**
Cost					
At 1 April 2011	32.8	2.7	384.1	37.4	**457.0**
Additions	1.0	–	37.4	8.9	**47.3**
Disposals	–	–	(101.0)	(1.0)	**(102.0)**
At 1 April 2012	33.8	2.7	320.5	45.3	**402.3**
Additions	0.1	–	74.9	4.7	**79.7**
Disposals	–	–	–	(0.8)	**(0.8)**
At 31 March 2013	**33.9**	**2.7**	**395.4**	**49.2**	**481.2**
Depreciation					
At 1 April 2011	(5.4)	(1.5)	(203.9)	(24.0)	**(234.8)**
Charge for the year	(0.7)	(0.1)	(29.4)	(4.2)	**(34.4)**
Disposals	–	–	101.0	0.8	**101.8**
At 1 April 2012	(6.1)	(1.6)	(132.3)	(27.4)	**(167.4)**
Charge for the year	(0.7)	(0.1)	(39.9)	(4.8)	**(45.5)**
Disposals	–	–	–	0.8	**0.8**
At 31 March 2013	**(6.8)**	**(1.7)**	**(172.2)**	**(31.4)**	**(212.1)**
Net book value					
At 31 March 2013	**27.1**	**1.0**	**223.2**	**17.8**	**269.1**
At 31 March 2012	27.7	1.1	188.2	17.9	**234.9**

Included within the cost of aircraft and engines is £1.6m (2012: £1.6m) of interest capitalised. Aircraft and engine additions in the year include £nil (2012: £nil) of interest capitalised.

15. Inventories

	2013 £m	2012 £m
Consumables	**1.3**	1.4

Included within direct operating costs of sales are £19.4m (2012: £19.3m) of inventories utilised and recognised as an expense in the year. Included within other direct operating costs is £1.2m (2012: £0.4m) of inventories written down and recognised as an expense in the year.

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16. Money market deposits & cash and cash equivalents

	2013 £m	2012 £m
Money market deposits (maturity more than three months after the balance sheet date)	**30.0**	77.0
Cash at bank and in hand	**190.9**	75.0

Included within cash and money market deposits is £145.8m (2012: £99.7m) of cash which is restricted by the Group's merchant acquirers as collateral against a proportion of forward bookings paid for by credit or debit card. These balances are considered to be restricted until the respective customers have travelled.

17. Trade and other receivables

Current	2013 £m	2012 £m
Trade receivables	**179.8**	90.6
Other receivables	**46.4**	26.8
	226.2	117.4

Ageing analysis of trade receivables

	31 March 2013 (£m)			31 March 2012 (£m)		
	Gross receivables £m	Provision for doubtful debts	Net trade receivables	Gross receivables	Provision for doubtful debts	Net trade receivables
Not past due	**167.2**	**–**	**167.2**	87.1	–	87.1
Up to 1 month past due	**11.0**	**–**	**11.0**	2.4	–	2.4
Over 1 month past due	**1.9**	**(0.3)**	**1.6**	1.4	(0.3)	1.1
	180.1	**(0.3)**	**179.8**	90.9	(0.3)	90.6

18. Trade and other payables

Current	2013 £m	2012 £m
Trade payables	**27.0**	22.2
Other taxation and social security	**8.3**	6.2
Income tax	**2.9**	2.0
Other creditors and accruals	**53.8**	30.8
	92.0	61.2

19. Other non-current liabilities

	2013 £m	2012 £m
Other creditors and accruals	11.1	11.9
Deferred income	0.3	–
	11.4	11.9

20. Borrowings

	2013 £m	2012 £m
Bank loans	8.5	9.3

Loans are repayable as follows:

	2013 £m	2012 £m
Within one year	0.8	0.8
Between one and two years	0.8	0.8
Between two and five years	2.1	2.2
Over five years	4.8	5.5
	8.5	9.3

Bank loans represent an £8.0m (2012: £8.7m) term loan facility bearing a rate of interest of 2.75% over three-month LIBOR and a £0.5m (2012: £0.6m) five year loan, bearing an interest rate of 1.9% over one-month LIBOR and maturing in April 2016. Since the reporting date the term loan has been repaid in full and a new £10.0m term loan, bearing a rate of interest of 2.50% over three-month LIBOR, entered into. The new term loan expires at the end of August 2017.

21. Provisions

	Maintenance		Other		Total	
	2013 £m	2012 £m	2013 £m	2012 £m	2013 £m	2012 £m
At 1 April	0.8	2.5	0.9	1.4	1.7	3.9
Provision in the year	6.9	5.0	0.3	0.1	7.2	5.1
Utilised	(5.9)	(6.7)	(0.9)	(0.6)	(6.8)	(7.3)
At 31 March	1.8	0.8	0.3	0.9	2.1	1.7

Maintenance provisions relate entirely to aircraft maintenance and the Group's obligation to maintain leased aircraft in accordance with the aircraft manufacturer's published maintenance programmes during the lease term, and to ensure that aircraft are returned to the lessor in accordance with its contractual requirements. The element due after more than one year is not significant.

Other provisions relate primarily to the Group's obligation to return leased tractor and trailer units to the lessor in accordance with its contractual requirements.

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22. Financial instruments

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

Capital risk management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern whilst providing a return to shareholders. The Group maintains a conservative approach to dividend policy, ensuring funds are retained to support further business growth. Our multi-year planning process ensures that we have clear visibility of earnings and liquidity to ensure we continue to operate well within bank covenant levels.

Market risk

The Group is impacted by competitor activity in each of its business areas. The Leisure Airline and Package Holidays sectors continue to be intensely competitive marketplaces. Headline price competition remains very strong at every base from which ***Jet2.com*** flies. The Group will continue to focus on customer driven scheduling on popular routes to high volume leisure destinations in order to maximise its load factor, yield, and retail revenue on its aircraft. The operation will continue to benefit from non-scheduled flight aircraft utilisation through its passenger and freight charter activities and from a broad distribution base for its scheduled seats via the web, through travel agencies, via tour operator seat allocations and to its in-house tour operator. ***Jet2holidays*** competes effectively through the provision of a broad range of great value package holidays accessible from all of our eight Northern bases.

In the distribution business, the market has seen some consolidation as smaller players either exit the market or are taken over. The loss of a substantial customer is the largest financial risk facing the company. This risk is mitigated by **Fowler Welch*'s*** focus on developing a strong pipeline of future opportunities, together with the achievement of high service levels and cost control, both of which are critical to success in this sector.

Liquidity risk

Liquidity risk reflects the risk that the Group will have insufficient funds to meet its financial obligations as they fall due. As at the year end, the Group had significant cash balances, together with a range of unutilised banking facilities, and had met all banking covenants. The Group's strategy for managing liquidity risk is to maintain cash balances in appropriately liquid form and in accordance with approved counterparty limits, whilst securing the continuity and flexibility of funding through the use of committed bank facilities. Additionally, short-term cash flow volatility risk in relation to margin calls in respect of fuel and foreign exchange hedge positions is minimised through diversification of counterparties and appropriate credit thresholds. The Group seeks to match long-term assets with long-term liabilities wherever possible. In addition, a regular assessment is made of future covenant compliance and headroom.

Credit risk

The Group is exposed to credit risk to the extent of non-performance by its counterparties in respect of financial assets receivable. However, the Group has policies and procedures in place to ensure such risk is limited by placing credit limits on each counterparty. The Group continuously monitors such limits and defaults by counterparties, incorporating this information into credit risk controls. The Group does not currently hold any collateral to mitigate this exposure.

The maximum credit exposure to credit risk is limited to the carrying value of each asset as summarised in point (c) of note 22.

Foreign currency risk

The Group is exposed to currency risk on purchases – related to expenditure on aviation fuel, aircraft maintenance, air traffic control, airport charges and hotel accommodation – that are denominated in a currency other than sterling. The currencies in which these transactions are primarily denominated are US dollar and euro. The Group can experience adverse or beneficial effects arising from foreign exchange rate movements. The Group seeks to reduce foreign exchange exposures arising from transactions in various currencies through a policy of matching, as far as possible, receipts and payments in each individual currency.

The Group uses forward foreign exchange contracts to hedge its exposure to movements in the US dollar and euro exchange rates as a result of its aviation activities.

Commodity derivatives – aviation fuel

The Group uses fuel swaps to hedge its exposure to movements in jet fuel prices in its aviation activities.

22. Financial instruments – continued

Commodity derivatives – carbon

The Group uses forward contracts of carbon EUAs and CERs to hedge its exposure to its obligation to purchase carbon certificates, in line with its aviation-related carbon emissions.

The fuel and foreign currency instruments were designated as cash flow hedges and accounted for as such under UK GAAP. At transition to IFRS, gains and losses on these instruments were recognised in equity.

Under IAS 39, the forward currency, forward carbon derivatives and fuel swaps are eligible for cash flow hedge accounting. Movements in fair value are summarised in section (b) below.

Cash flow hedges relate to forecast cash flows through to 31 March 2016.

(a) Carrying amount and fair values of financial instruments

Set out below is a comparison by category of the carrying amounts and fair value of all the Group's financial assets and liabilities as at 31 March 2013.

Financial assets	31 March 2013 Carrying amount £m	31 March 2012 Carrying amount £m
Financial assets:		
Cash and cash equivalents	**190.9**	75.0
Money market deposits	**30.0**	77.0
Loans and receivables:		
Trade receivables	**179.8**	87.5
Designated cash flow hedge relationships:		
Forward US dollar contracts	**9.6**	3.1
Forward euro contracts	**9.7**	–
Forward jet fuel contracts	**3.6**	26.2
Forward carbon contracts	**0.3**	–
Total financial assets	**423.9**	268.8

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

Financial liabilities	31 March 2013 Carrying amount £m	31 March 2012 Carrying amount £m
Financial liabilities:		
Trade payables	**27.0**	22.2
Bank loans	**8.5**	9.3
Hire purchase contracts	**3.0**	2.9
Designated cash flow hedge relationships:		
Forward US dollar contracts	**–**	0.1
Forward euro contracts	**1.5**	4.6
Forward jet fuel contracts	**0.6**	0.6
Forward carbon contracts	**2.4**	3.9
Total financial liabilities	**43.0**	43.6

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for the year ended 31 March 2013

22. Financial instruments – continued

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

The methods and assumptions used to estimate fair values of financial assets and liabilities are as follows:

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

IFRS 7 requires the classification of fair value measurements using a fair value hierarchy that reflects the nature of the inputs used in making the assessments.

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

(b) Movements in fair value of financial instruments

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

	Cash flow hedges	
	Assets £m	Liabilities £m
Net carrying amount at 1 April 2011	59.4	(24.7)
Other comprehensive income	(29.8)	15.5
Charged in income statement	(0.2)	–
At 31 March 2012	29.4	(9.2)
Other comprehensive income	(8.1)	4.6
Credited in income statement	1.9	0.1
At 31 March 2013	**23.2**	**(4.5)**

Following the introduction of hedge documentation from 1 April 2007, existing derivative financial instruments have been reclassified as effective cash flow hedges with subsequent fair value movements in fair values being taken through equity.

	2013 £m	2012 £m
Amounts (charged)/credited in the group income statement		
Operating expenses		
Fair value movements – fuel derivatives	(0.2)	(0.2)
Fair value movements – forward carbon contracts	0.2	(0.2)
Net finance costs		
Gain arising from derivatives ineligible for cash flow hedge accounting	1.4	–
Ineffective portion of changes in fair value of cash flow hedges	0.6	0.2
	2.0	(0.2)

Gains/(losses) on cash flow hedges recycled from equity into the income statement are all reflected within Net operating expenses.

22. Financial instruments – continued

(c) Maturity profile of financial assets and liabilities

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

	31 March 2013			31 March 2012		
Financial assets	**Derivative financial instruments £m**	**Other receivables £m**	**Total £m**	Derivative financial instruments £m	Other receivables £m	Total £m
< 1 year	22.2	400.7	422.9	25.8	239.4	265.2
1 – 2 years	1.0	–	1.0	3.6	–	3.6
2 – 5 years	–	–	–	–	–	–
	23.2	400.7	423.9	29.4	239.4	268.8

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

	31 March 2013			31 March 2012		
Financial liabilities	**Derivative financial instruments £m**	**Other loans and payables £m**	**Total £m**	Derivative financial instruments £m	Other loans and payables £m	Total £m
< 1 year	4.2	28.7	32.9	7.8	22.9	30.7
1 – 2 years	0.3	1.6	1.9	1.4	1.6	3.0
2 – 5 years	–	3.3	3.3	–	4.3	4.3
> 5 years	–	4.9	4.9	–	5.5	5.5
	4.5	38.5	43.0	9.2	34.3	43.5

(d) Borrowing facilities

The Group has various borrowing facilities available to it. The total borrowing facilities available at 31 March 2013 in respect of which all conditions precedent had been met at that date were as follows:

	Amounts drawn down		Facilities available	
	2013 £m	2012 £m	**2013 £m**	2012 £m
Committed facilities[iii]				
Revolving credit facilities[i]	–	–	25.0	25.0
Bank loans[ii]	8.5	9.3	10.2	10.2
	8.5	9.3	35.2	35.2

i The £25.0m revolving credit facilities include a number of funding lines committed until 31 July 2013;
ii The £9.5m bank loan facility matures in July 2015 and the £0.7m bank loan in April 2016;
iii Since the reporting date the Group completed the refinancing of its bank facilities and replaced the committed facilities detailed above with the following funding lines:
  a. £50.0m revolving credit facility committed until the end of August 2017;
  b. £10.0m bank loan facility maturing at the end of August 2017;
  c. For five working days each year, including each 31 March, a "clean down" mechanism within the facility agreement will reduce the revolving credit facility available by £30m.

In addition, since the reporting date, the Group entered into an agreement resulting in a counterparty issuing a $21.5m Letter of Credit to a number of the Group's card processing counterparties, with respect to ***Jet2.com*** and ***Jet2holidays*** advance ticket sales. The Letter of Credit is committed until May 2018 and reduces by $2.15m every six months.

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22. Financial instruments – continued

(e) Interest rate risk

Financial assets

	31 March 2013			31 March 2012		
	Floating rate financial assets £m	Financial assets on which no interest is receivable £m	Total £m	Floating rate financial assets £m	Financial assets on which no interest is receivable £m	Total £m
Money market deposits	30.0	–	30.0	77.0	–	77.0
Cash and cash equivalents						
Sterling	177.5	7.5	185.0	66.0	2.2	68.2
US dollar	0.4	–	0.4	2.8	1.8	4.6
Euro	3.4	2.1	5.5	0.2	1.6	1.8
Other	–	–	–	–	0.4	0.4
Total	181.3	9.6	190.9	69.0	6.0	75.0

The floating rate financial assets comprise cash on deposit at various market rates according to currency and term. The Group operates composite bank accounts which allow the offset of individual bank and overdraft accounts in each currency.

Money market deposits comprise deposits maturing more than three months after the balance sheet date.

Financial liabilities

	31 March 2013			31 March 2012		
	Floating rate financial liabilities £m	Fixed rate financial liabilities £m	Total £m	Floating rate financial liabilities £m	Fixed rate financial liabilities £m	Total £m
Sterling	8.5	–	8.5	9.3	–	9.3

The floating rate liabilities comprise facilities bearing interest rates of up to 2.75% over three-month LIBOR (2012: 2.75% over three-month LIBOR).

An interest rate sensitivity analysis has not been provided on the basis that the Group is in a cash positive position. This, coupled with historically low interest rates, causes interest rate risk to be immaterial.

(f) Currency exposure

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

Currency	US dollar £m	Euro £m	Other £m	Total £m
2013				
Sterling	**(3.5)**	**23.3**	**–**	**19.8**
2012				
Sterling	33.5	(5.1)	0.2	28.6

22. Financial instruments – continued

(g) Sensitivity analysis

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

	31 March 2013 +/- £m	31 March 2012 +/- £m
Impact on Profit and Loss		
10% change in jet fuel prices	–	–
5% movement of sterling	0.9	0.4
Impact on Equity		
5% movement of sterling	0.9	1.4

23. Called up share capital and reserves

Share Capital

	Number of shares	2013 £m	2012 £m
Authorised ordinary shares of 1.25p each	160,000,000	2.0	2.0
Allotted, called up and fully paid:			
As at 1 April 2012	142,624,049	1.8	1.8
Options exercised	2,097,581	–	–
As at 31 March 2013	144,721,630	1.8	1.8

The Company received the sum of £911,358 (2012: £223,804) in respect of options exercised during the year.

Employee share schemes

Dart Group PLC has a number of share based option schemes in operation, which are described in detail in the report on Directors' remuneration on pages 23 to 25 of this Annual Report. These plans have been accounted for in accordance with the fair value recognition provisions of IFRS 2, "*Share based payment*", which means that IFRS 2 has been applied to all grants of employee share based payments that had not vested at 31 March 2013.

The total expenses recognised for the period arising from share based payments are as follows:

	2013 £m	2012 £m
Equity settled share based payments	0.4	0.4

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23. Called up share capital and reserves – continued

Summary of options outstanding

The terms and conditions of grants are as follows, whereby all options are settled by physical delivery of shares:

The Company has granted options, which have yet to be exercised, to employees under the Dart Group Unapproved Share Option Plan 2005 in respect of 1,511,915 (2012: 2,210,147) ordinary shares of 1.25p each. At 31 March 2013, the following options had not been exercised:

Number of shares	Option price per share	Options exercisable
280,000	78.50p	All share options expire on 21 November 2015.
270,636	24.75p	In respect of 11,871 shares from 4 September 2011 and in respect of all remaining shares from 4 September 2014. The options expire on 4 September 2018.
464,786	52.50p	All remaining shares are exercisable from 10 September 2015 and expire on 10 September 2019.
376,493	67.00p	In respect of 188,246 shares from 5 August 2013 and in respect of all remaining shares from 5 August 2016. The options expire on 5 August 2020.
120,000	85.00p	In respect of half of the shares from 4 August 2014 and in respect of all remaining shares from 4 August 2017. The options expire on 4 August 2021.

The Company has granted options, which have yet to be exercised, to employees under the Dart Group Executive and Dart Group Company Share Option Schemes in respect of 71,000 (2012: 263,560) ordinary shares of 1.25p each. At 31 March 2013, the following options had not been exercised:

Number of shares	Option price per share	Options exercisable
12,000	37.125p	All share options expire on 3 July 2013.
19,000	31.25p	All share options expire on 5 December 2013.
40,000	78.75p	All share options expire on 19 November 2014.

The Company has granted options, which have yet to be exercised, to employees under the Dart Group PLC Approved Share Option Plan 2005 in respect of 3,989,002 (2012: 5,507,236) ordinary shares of 1.25p each. At 31 March 2013, the following options had not been exercised:

Number of shares	Option price per share	Options exercisable
265,000	79.125p	All share options expire on 23 November 2015.
197,242	101.75p	All share options expire on 3 August 2017.
45,000	53.25p	In respect of 8,750 shares from 18 December 2010 and in respect of all remaining shares from 18 December 2013. The options expire on 18 December 2017.

23. Called up share capital and reserves – continued

Number of shares	Option price per share	Options exercisable
1,163,013	24.75p	In respect of 126,852 shares from 4 September 2011 and in respect of all remaining shares from 4 September 2014. The options expire on 4 September 2018.
10,000	59.00p	In respect of half of the shares from 1 June 2012 and in respect of all remaining shares from 1 June 2015. The options expire on 1 June 2019.
1,324,166	52.50p	In respect of 365,946 shares from 10 September 2012 and in respect of all remaining shares from 10 September 2015. The options expire on 10 September 2019.
133,750	46.75p	In respect of 62,500 shares from 16 December 2012 and in respect of all remaining shares from 16 December 2015. The options expire on 16 December 2019.
169,776	67.00p	In respect of 77,388 of the shares from 5 August 2013 and in respect of all remaining shares from 5 August 2016. The options expire on 5 August 2020.
169,246	94.50p	In respect of half of the shares from 23 December 2013 and in respect of all remaining shares from 23 December 2016. The options expire on 23 December 2020.
150,294	85.00p	In respect of half of the shares from 4 August 2014 and in respect of all remaining shares from 4 August 2017. The options expire on 4 August 2021.
187,500	63.875p	In respect of half of the shares from 22 December 2014 and in respect of all remaining shares from 22 December 2017. The options expire on 22 December 2021.
174,015	76.38p	In respect of half of the shares from 1 August 2015 and in respect of all remaining shares from 1 August 2018. The options expire on 1 August 2022.

Details of the awards made during the year and the key assumptions used in determining the fair value for these awards are as detailed below:

	Number granted	Fair value at measurement date	Share price at date of grant	Exercise price	Dividend yield	Employee exit rate	Expected volatility	Risk free interest rate
2013								
Approved share option plan 2005								
Grant #1	174,015	£0.09m	75.75p	76.38p	1.8%	1.5%	55.0%	2.91%
2012								
Approved share option plan 2005								
Grant #1	157,794	£0.04m	84.38p	85.00p	1.8%	1.5%	55.0%	2.91%
Grant #2	249,466	£0.13m	63.88p	63.88p	1.8%	1.5%	55.0%	2.91%
Unapproved share option plan 2005								
Grant #1	120,000	£0.04m	84.38p	85.00p	1.8%	1.5%	55.0%	2.91%

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on a binomial valuation model.

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

Share options are granted under a service condition. Such conditions are not taken into account in the grant date fair value measurement of the services received. Certain market conditions apply to options granted under the Dart Group Unapproved Share Option Plan 2005.

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23. Called up share capital and reserves – continued

The number and weighted average exercise prices of share options are as follows:

	2013		2012	
	Number of options	Weighted average exercise price Pence	Number of options	Weighted average exercise price Pence
Outstanding at 1 April	8,419,383	51.3	9,446,185	48.5
Granted	174,015	76.4	527,260	75.0
Exercised (see below)	(2,085,581)	45.7	(734,991)	29.1
Lapsed	(935,900)	53.2	(819,071)	52.0
Outstanding at 31 March	5,571,917	55.0	8,419,383	51.3
Exercisable at 31 March	1,394,161	67.1	2,304,935	53.3
Estimated weighted average share price of options exercised in year		108.76		72.87

Options outstanding at 31 March are in respect of all options issued since 7 November 2002 (refer to note 2). The options outstanding at the year end have an exercise price in the range of 24.8p to 101.8p and a weighted average contractual life of 6.1 years.

Reserves

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

Other reserves comprise all foreign exchange differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Company's net investment in a foreign subsidiary.

24. Commitments

(a) Capital commitments:

	2013 £m	2012 £m
Contracted for but not provided	–	–

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

	Land and buildings		Aircraft and engine		Plant and machinery	
Group	2013 £m	2012 £m	2013 £m	2012 £m	2013 £m	2012 £m
Less than one year	1.3	1.1	7.3	8.9	9.8	9.9
Between two and five years	3.7	2.7	22.9	25.5	13.9	13.5
Over five years	7.2	4.4	–	4.6	1.3	0.6
	12.2	8.2	30.2	39.0	25.0	24.0

25. Contingent liabilities

The Group has issued various guarantees in the ordinary course of business, none of which is expected to lead to a financial gain or loss.

26. Notes to the cash flow statement

Changes in net debt

	At 1 April 2012 £m	Cash flow £m	Exchange differences £m	**At 31 March 2013 £m**
Cash at bank and in hand	75.0	115.9	–	**190.9**
Bank loans due within one year	(0.8)	–	–	**(0.8)**
Cash and cash equivalents	74.2	115.9	–	**190.1**
Bank loans due after one year	(8.5)	0.8	–	**(7.7)**
Net cash	65.7	116.7	–	**182.4**

27. Pension scheme

The Group operates a defined contribution scheme. The pension charge for the period represents contributions payable by the Group to the scheme and amounted to £2.7m (2012: £2.1m). There were no outstanding or prepaid contributions at either the current or previous year end.

28. Related party transactions

Compensation of key management personnel

The key management personnel of the Group comprise the Chairman and executive and non-executive Directors, as outlined on page 18 of the Annual Report. The compensation of key management personnel can be found in note 9 to the Consolidated financial statements and in the Directors' Remuneration Report set out on pages 23 to 25 of the Annual Report.

Company Balance Sheet

at 31 March 2013

	Note	2013 £m	2012 £m
Fixed assets			
Tangible fixed assets	5	**238.8**	200.7
Investments	6	**28.8**	28.5
		267.6	229.2
Current assets			
Stock		**0.4**	0.5
Debtors	7	**3.2**	2.3
Cash and cash equivalents		**0.3**	0.4
		3.9	3.2
Current liabilities			
Creditors: amounts falling due within one year	8	**(187.3)**	(154.8)
Net current liabilities		**(183.4)**	(151.6)
Total assets less current liabilities		**84.2**	77.6
Provisions for liabilities	9	**(23.0)**	(22.8)
Net assets		**61.2**	54.8
Shareholders' equity			
Share capital	10	**1.8**	1.8
Share premium	10	**10.7**	9.8
Profit and loss account	10	**48.7**	43.2
Total shareholders' equity	10	**61.2**	54.8

The accounts on pages 62 to 68 were approved by the Board of Directors at a meeting held on 29 July 2013 and were signed on its behalf by:

Gary Brown
Director

Dart Group PLC

Registered no. 01295221

Notes to the Company Financial Statements

for the year ended 31 March 2013

1. Basis of preparation

The Company financial statements have been prepared under the historical cost convention and in accordance with UK Generally Accepted Accounting Principles (UK GAAP).

Under Financial Reporting Standard 1 (Revised) ("FRS"), the Company is exempt from the requirement to prepare a cash flow statement on the grounds that the Group includes the Company in its own published consolidated financial statements.

2. Accounting policies

A summary of the principal accounting policies, which have been consistently applied throughout the year and the preceding year, is set out below.

Going concern

Dart Group PLC is accounted for on a going concern basis. Dart Group PLC provides treasury and aircraft leasing services for the Group and, as such, its financial performance is inextricably linked with the performance of its subsidiaries.

The Directors have prepared financial forecasts for the Company, comprising operating profit, balance sheet and cash flows through to 31 March 2016.

For the purposes of their assessment of the appropriateness of the preparation of the Company's accounts on a going concern basis, the Directors have considered the current cash position, the availability of bank, and other facilities, and forecasts of future trading. The Directors have assessed the underlying assumptions and principal areas of uncertainty within these forecasts, in particular those related to market and customer risks, cost management, working capital management and treasury risks. A number of these are subject to market uncertainty and impact financial covenants. Recognising the potential uncertainty, the Directors have considered a range of actions available to mitigate the impact of these potential risks, should they crystallise, and have also reviewed the key strategies which underpin the forecasts and the Company's ability to implement them successfully.

On the basis of the Company's current liquidity position, the forecasts and these considerations, the Directors have concluded that it is appropriate for the financial statements for the year ended 31 March 2013 to be prepared on a going concern basis.

Foreign currencies

Transactions in foreign currencies have been translated into sterling at the rates applicable when they were completed and monetary assets and liabilities at the year end have been translated at the rates at that date. Differences arising on exchange are reflected in the results for the year.

Investments

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

Tangible fixed assets

Property, plant and equipment are stated at cost less accumulated depreciation and any provision for impairment. Interest attributable to the purchase of aircraft and other assets and progress payments on account whilst such aircraft are undergoing conversion from passenger to freighter or "Quick Change" is capitalised and added to the cost of the asset concerned. Interest is capitalised at rates equal to the rates paid on the financial instruments used to finance the purchase and conversion of aircraft.

Depreciation is calculated to write the cost of property, plant and equipment down to their estimated residual value using the straight-line method over their estimated useful economic lives or the estimated useful economic lives of their individual major components as follows:

Short leasehold property	Over the life of the lease
Freehold property	30 years
Aircraft and engines	2–30 years
Plant, vehicles and equipment	3–7 years

The underlying value of the aircraft is depreciated to the expected residual value of the aircraft as at 25–30 years post original build date depending on the category of aircraft. Where aircraft are subject to specific life extension expenditure, the cost of such work is depreciated over the remaining life and the underlying value of the aircraft is depreciated to this same date.

Notes to the Company Financial Statements

for the year ended 31 March 2013

2. Accounting policies – continued

Aircraft maintenance costs

Jet2.com, a wholly owned subsidiary undertaking, leases aircraft from the Company and has a legal obligation to undertake specific periodic maintenance on the aircraft it operates. These obligations require ***Jet2.com*** to continue to maintain the aircraft and its engines in accordance with the aircraft manufacturer's published maintenance programmes during the term of the lease and to ensure that the aircraft is returned to the Company in a satisfactory condition.

The Company receives a monthly security deposit from ***Jet2.com*** based on a monthly usage calculation. The deposit is refunded to ***Jet2.com*** once the maintenance activity has been completed by ***Jet2.com***. As such, these are classified as *Amounts due to group undertakings* within creditors less than one year.

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

Impairment of assets excluding goodwill

At each balance sheet date, the Company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount is the higher of net realisable value and value in use. In addressing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

At each balance sheet date, an assessment is made to determine whether there is any indication that an impairment loss recognised in prior periods may no longer exist or has decreased. Where such an indication exists, an impairment loss is reversed to the extent that the asset's carrying value does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

Borrowings

All borrowings are stated at the fair value of consideration received after deduction of issue costs. Issue costs, together with other finance costs, are charged to the income statement over the period of the term of the borrowings at a constant rate, or more quickly if appropriate. Issue and finance costs are deducted from the carrying value of those borrowings.

Leases

Rental charges on operating leases are charged to the income statement on a straight-line basis over the life of the lease.

Cash and cash equivalents

Cash equivalents are defined as including short-term deposits with original maturity within three months.

Financial instruments

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised costs, using the effective interest method, less any impairment loss.

Trade and other creditors

Trade and other creditors are recognised at fair value.

Interest bearing loans and borrowings

All loans and borrowings are initially recorded at the fair value of their net proceeds. Thereafter, they are measured at amortised cost using the effective interest method.

2. Accounting policies – continued

Derivative financial instruments

The Company uses forward foreign currency contracts and currency option products to reduce exposure to foreign exchange rate volatility. The criteria for forward foreign currency contracts are that the instrument must be related to a foreign currency asset or liability that is probable and whose characteristics have been identified, and it must reduce the risk of foreign exchange movements on the Company's operations.

The rates under such contracts are used to record the hedged item. As a result, gains and losses are offset against the foreign exchange gains and losses on the related financial assets and liabilities, or, where the instrument is used to hedge a committed or probable future transaction, are deferred until the transaction occurs.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Employee benefits

Pension costs

All pensions are provided from the proceeds of money purchase schemes. The charge to profit and loss represents the payments due during the year.

Share based payments

The Company issues equity settled share based payments to certain employees. The fair value of employee share option plans is measured at the date of grant of the option using the binomial valuation model. The resulting cost, as adjusted for the expected and actual level of vesting of the options, is charged to income over the period in which the options vest. At each balance sheet date before vesting the cumulative expense is calculated, based on the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market vesting conditions, and hence the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous balance sheet date is recognised in the profit and loss account.

Where the Company grants options over its own shares to the employees of its subsidiaries it recognises an increase in the cost of investment in its subsidiaries, equivalent to the equity settled share based payment charge recognised in its subsidiary's financial statements, with the corresponding credit being recognised directly in equity.

3. Accounting estimates and judgements

In the application of the Company's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by the Directors in the application of the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are discussed below.

Impairment of assets

A full impairment review of aircraft carrying values is undertaken annually or more frequently if a risk that carrying values are impaired is identified. The smallest cash-generating unit to which this can be applied is aircraft fleet type.

The carrying amounts of aircraft were £237.0m (2012: £199.1m). No impairment losses were recorded during the year.

Residual value of tangible fixed assets

Judgements have been made in respect of the residual values of aircraft included in tangible fixed assets. Those judgements determine the amount of depreciation charged in the profit and loss account.

Notes to the Company Financial Statements

for the year ended 31 March 2013

4. Profit of the parent company

The Company has taken advantage of the provisions of Section 408 of the Companies Act 2006 and has not published its own profit and loss account. Of the profit on ordinary activities after taxation for the year, a loss of £2.8m (2012: profit £4.4m) is dealt with in the accounts of the Company.

5. Tangible fixed assets

	Short leasehold property £m	Aircraft and engines £m	Plant, vehicles and equipment £m	**Total £m**
Cost				
At 1 April 2012	1.2	275.9	5.3	**282.4**
Additions	–	54.4	1.0	**55.4**
At 31 March 2013	**1.2**	**330.3**	**6.3**	**337.8**
Depreciation				
At 1 April 2012	(0.7)	(76.8)	(4.2)	**(81.7)**
Charge for the year	–	(16.5)	(0.8)	**(17.3)**
At 31 March 2013	**(0.7)**	**(93.3)**	**(5.0)**	**(99.0)**
Net book value				
At 31 March 2013	**0.5**	**237.0**	**1.3**	**238.8**
At 31 March 2012	0.5	199.1	1.1	**200.7**

Aircraft and engines having an original cost of £330.3m (2012: £275.9m) and accumulated depreciation of £93.3m (2012: £76.8m) are held for use by a subsidiary company under operating leases.

6. Investments

	£m
Shares in subsidiary undertakings at cost, and net investment:	
At 1 April 2012	28.5
Additions	0.3
At 31 March 2013	**28.8**

The principal subsidiary undertakings are:

Name	**Principal activity**	**% Holding**	**Country of incorporation or registration**
Fowler Welch-*Coolchain* Limited	Distribution and logistics services	100%	England
Jet2.com Limited	Scheduled leisure airline services	100%	England
Jet2holidays Limited	Package holidays	100%	England
Jet2 Transport Services Limited	Transport services	100%	England

The issued share capital of each subsidiary undertaking consists entirely of ordinary shares.

All of the above principal subsidiaries have been consolidated in the Dart Group PLC consolidated accounts.

7. Debtors

Current	2013 £m	2012 £m
Other debtors and prepayments	1.2	1.1
Corporation tax recoverable	1.9	1.1
Amounts owed by Group undertakings	0.1	0.1
	3.2	2.3

8. Creditors: amounts falling due within one year

	2013 £m	2012 £m
Bank overdraft	46.4	49.6
Trade creditors	–	0.2
Amounts owed to Group undertakings	139.2	104.3
Other creditors and accruals	1.7	0.7
	187.3	154.8

Included in amounts owed to Group undertakings are maintenance security deposits repayable to ***Jet2.com*** of £63.9m (2012: £53.5m).

The bank overdraft position within Dart Group PLC reflects the fact that funds are managed on a Group basis, with composite banking arrangements in place with the Group's bankers, allowing offset with individual bank and overdraft accounts in different currencies across the Group.

9. Provisions for liabilities

Deferred tax	2013 £m	2012 £m
Accelerated capital allowances		
Provision at start of year	22.2	21.3
Profit and loss account	0.2	0.9
Provision at end of year	22.4	22.2
Other short-term timing differences		
Provision at start of year	0.6	0.6
Profit and loss account	–	–
Provision at end of year	0.6	0.6
Total deferred tax		
Provision at start of year	22.8	21.9
Provision at end of year	23.0	22.8

Notes to the Company Financial Statements

for the year ended 31 March 2013

10. Reserves

	Share capital £m	Share premium £m	Profit & loss £m	Shareholders' funds £m
At 1 April 2012	1.8	9.8	43.2	**54.8**
Loss for the year	–	–	(2.8)	**(2.8)**
Dividends received in the year	–	–	10.0	**10.0**
Dividends paid in the year	–	–	(2.1)	**(2.1)**
Issue of share capital	–	0.9	–	**0.9**
Reserves movement arising from share based payment charge	–	–	0.4	**0.4**
At 31 March 2013	**1.8**	**10.7**	**48.7**	**61.2**

11. Directors and employees

	2013 £m	2012 £m
Wages and salaries	**1.7**	1.2
Social security costs	**0.2**	0.2
Other pension costs	**0.1**	–
	2.0	1.4

On average the Company had 15 employees during the year ended 31 March 2013 (2012: 16). Details of Directors' emoluments are set out in the Directors' remuneration report on pages 23 to 25. Details of the highest paid Director are set out in note 9 to the Consolidated financial statements.

12. Share based payments

Details of share based payment schemes operated by the Group are disclosed in note 23 to the Consolidated financial statements. Amounts charged in the Company accounts for the year were £26,200 (2012: £26,200).

13. Contingent liabilities

The Company has cross guarantees in respect of the banking arrangements of certain of its subsidiary undertakings. In the normal course of business a number of contingent liabilities have arisen in the Group and Company; none of these is expected to lead to a material gain or loss.

14. Related party transactions

The Company has taken advantage of the exemption granted by paragraph 3c of FRS 8, not to disclose transactions and balances with other Group companies.

15. Other information

Disclosure notes relating to Auditor's remuneration and called up share capital are included within the Consolidated financial statements of the Group in notes 7 and 23 respectively.

Glossary of Terms

Ambient	Non-temperature-controlled distribution.
CODM	Chief operating decision maker.
EBITDA	Earnings before interest, taxation, depreciation and amortisation.
Load factor	The percentage relationship of passenger numbers to seats available.
Miles per gallon	Average number of miles driven for every gallon of fuel consumed.
Net capital reserves	Total equity reserves net of cash flow hedging reserve.
Net ticket yield	Total ticket revenue, excluding taxes, divided by number of passengers.
Passenger numbers	Number of earned seats flown. Earned seats comprises seats sold to passengers (including no-shows), seats provided for the "***myJet2***" loyalty programme, seats for promotional purposes and seats provided to staff for business travel.
Retail revenue	All non-ticket revenue, including credit card fees, baggage charges, advanced seat assignment fees, check-in fees, extra legroom fees, in-flight sales and commissions earned on car hire and insurance bookings.
Seats available	Total number of seats available according to ***Jet2.com's*** scheduled flying programme.

Secretary and Advisers

Registered number	1295221	
Secretary and Registered Office	Paul Forster Low Fare Finder House Leeds Bradford International Airport Leeds, LS19 7TU	
Auditor	KPMG Audit Plc 1 The Embankment Neville Street Leeds, LS1 4DW	
Registrars	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent, BR3 4TU	
Bankers	Barclays Bank PLC Barclays Corporate Banking Centre 4th Floor Apex Plaza Forbury Road Reading, RG1 1AX	Lloyds TSB Bank plc 2nd Floor Lisbon House 116 Wellington Street Leeds LS1 4LT
	Clydesdale Bank (trading as Yorkshire Bank) 4 Victoria Place Manor Road Leeds, LS11 5AE	Santander UK plc Leeds Corporate Banking Centre 44 Merrion Street Leeds, LS2 8JQ
Stockbroker	Canaccord Genuity Limited 9th Floor 88 Wood Street London, EC2V 7QR	
Solicitors	Addleshaw Goddard LLP Milton Gate 60 Chiswell Street London, EC1Y 4AG	Bird & Bird LLP 15 Fetter Lane London, EC4A 1JP
	Herbert Smith Freehills LLP Exchange House Primrose Street London, EC2A 2EG	
Nominated advisers	Smith & Williamson Corporate Finance Limited 25 Moorgate London, EC2R 6AY	

Financial Calendar

Annual General Meeting	5 September 2013
Proposed final dividend payment	18 October 2013
Results for the 6 months to 30 September 2013	21 November 2013
Proposed interim dividend payment	February 2014
Results for the 12 months to 31 March 2014	June 2014

Notice of Annual General Meeting

Notice is given that the 2013 Annual General Meeting of Dart Group PLC (the "**Company**") will be held at 9.30 a.m. on 5 September 2013 at Buchanan Communications, 107 Cheapside, London, EC2V 6DN, to consider and, if thought fit, pass the following resolutions.

Resolutions 1 to 8 inclusive will be proposed as Ordinary Resolutions and Resolutions 9 and 10 will be proposed as Special Resolutions.

Ordinary Business

1. To receive the accounts of the Company for the financial year ended 31 March 2013, together with the Directors' and Auditor's reports on them.
2. To declare a final dividend for the financial year ended 31 March 2013 of 1.33 pence per ordinary share of 1.25 pence in issue.
3. To re-elect and reappoint Philip Meeson (who is retiring by rotation) as a Director of the Company.
4. To re-elect and reappoint Gary Brown as a Director of the Company.
5. To re-elect and reappoint Stephen Heapy as a Director of the Company.
6. KPMG Audit Plc has notified the company that they are not seeking reappointment. It is proposed that KPMG LLP be and are hereby appointed Auditor of the company and will hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting at which accounts are laid before the Company.
7. To authorise the Directors to determine the Auditor's remuneration.
8. That the Directors be and they are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 to exercise all powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into such shares ("**Allotment Rights**"), but so that:

    (a) the maximum amount of shares that may be allotted or made the subject of Allotment Rights under this authority are shares with an aggregate nominal value of £188,304.21;

    (b) this authority shall expire on 1 March 2015 or, if earlier, on the conclusion of the Company's 2014 Annual General Meeting;

    (c) before such expiry, the Company may make any offer or agreement which would or might require shares to be allotted or Allotment Rights to be granted after such expiry and, notwithstanding such expiry, the Directors may allot such shares or grant such Allotment Rights pursuant to any such offer or agreement; and

    (d) all other authorities vested in the Directors on the date of the notice of this meeting to allot shares or to grant Allotment Rights, or to allot relevant securities (as defined in the Companies Act 2006), that remain unexercised at the commencement of this meeting are revoked.

Special Business

9. That the Directors be and they are hereby empowered pursuant to section 570 of the Companies Act 2006 to allot equity securities (as defined in section 560 of that Act) pursuant to the authority conferred on them by Resolution 8 in the notice of this meeting or by way of a sale of treasury shares as if section 561 of that Act did not apply to any such allotment, provided that this power shall be limited to:

    (a) the allotment of equity securities in connection with any rights issue, open offer or other pre-emptive offer which is open for acceptance for a period determined by the Directors to the holders of ordinary shares on the register on any fixed record date in proportion to their holdings of ordinary shares (and, if applicable, to the holders of any other class of equity security in accordance with the rights attached to such class), subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to (i) fractions of such securities, (ii) the issue, transfer and/or holding of any securities in certificated form or in uncertificated form, (iii) the use of one or more currencies for making payments in respect of such offer, (iv) any such shares or other securities being represented by depositary receipts, (v) treasury shares or (vi) any legal or practical problems arising under the laws of, or the requirements of any regulatory body or any stock exchange in, any territory; and

    (b) the allotment of equity securities (other than pursuant to paragraph 9 (a) above) up to an aggregate nominal amount of £90,584.79,

    and shall expire at such time as the authority conferred on the Directors by Resolution 8 in the notice of this meeting expires, save that, before the expiry of this power, the Company may make any offer or agreement which would or might require equity securities to be allotted after such expiry and, notwithstanding such expiry, the Directors may allot equity securities pursuant to any such offer or agreement.

10. That the Company be and is hereby generally and unconditionally authorised pursuant to section 701 of the Companies Act 2006 to make market purchases (as defined in section 693(4) of that Act) of ordinary shares of 1.25 pence each in the capital of the Company and, where shares are held as treasury shares, to use them, *inter alia*, for the purposes of employee share plans operated by the Company, provided that:

    (a) the maximum aggregate number of such shares that may be purchased under this authority is 14,493,566 ordinary shares;

    (b) the minimum price which may be paid for such a share is 1.25 pence (exclusive of expenses);

    (c) the maximum price (exclusive of expenses) which may be paid for such a share is an amount equal to 105% of the average of the middle market quotations of the Company's ordinary shares as derived from the AIM Appendix to the London Stock Exchange's Daily Official List for the five business days immediately preceding the date on which the share is contracted to be purchased or, in the case of a tender offer, the terms of the tender offer are announced;

    (d) this authority shall expire on 1 March 2015 or, if earlier, on the conclusion of the Company's 2014 Annual General Meeting; and

    (e) the Company may complete or conclude, in whole or in part, a purchase of shares after the expiry of this authority pursuant to a contract entered into before such expiry.

By order of the Board

Paul Forster
Group Company Secretary

Registered office:
Low Fare Finder House
Leeds Bradford International Airport
Leeds
West Yorkshire
LS19 7TU
Dated 29 July 2013

Notice of Annual General Meeting

Notes:

1. As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote on your behalf at a general meeting of the Company.

2. A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the space provided on your proxy form. If you sign and return your proxy form with no name inserted in the space, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.

3. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. In the event of a conflict between a blank proxy form and a proxy form which states the number of shares to which it applies, the specific proxy form shall be counted first, regardless of whether it was sent or received before or after the blank proxy form, and any remaining shares in respect of which you are the registered holder will be apportioned to the blank proxy form. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy you must complete a separate Form of Proxy for each proxy. Members can copy their original Form of Proxy.

4. The return of a completed proxy form does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

5. To direct your proxy how to vote on the resolutions mark the appropriate box on your proxy form with an 'X'. To abstain from voting on a resolution, select the relevant "Vote withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

6. To be valid any proxy form or other instrument appointing a proxy must be:
   - completed and signed;
   - sent or delivered to Capita Registrars, PXS, The Registry, 34 Beckenham, Kent, BR3 4TU; and
   - received by Capita Registrars no later than 9.30 a.m. on 3 September 2013 (or, in the case of an adjournment, by the time 48 hours before the time appointed for the adjourned meeting).

7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

8. In the case of a member which is a company, your proxy form must be executed under its common seal or signed on its behalf by a duly authorised officer of the Company or an attorney for the Company.

9. Any power of attorney or any other authority under which your proxy form is signed (or a duly certified copy of such power or authority) must be included with your proxy form.

10. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

11. You may not use any electronic address provided in your proxy form to communicate with the Company for any purposes other than those expressly stated.

12. Only those members entered on the register of members of the Company at 6.00 p.m. on 3 September 2013 or, in the event that this meeting is adjourned, in the register of members as at 6.00 p.m. on the day two days before the date of any adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of ordinary shares registered in their names at that time. Changes to the entries on the register of members by the close of business on 3 September 2013 or, in the event that this meeting is adjourned, in the register of members before the close of business on the day two days before the date of the adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.

13. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

14. Copies of the Directors' service contracts and letters of appointment are available for inspection at the registered office of the Company during normal business hours on any business day and will be available for inspection at the place where the meeting is being held from 15 minutes prior to and during the meeting.

Explanatory Notes

Ordinary Business

The ordinary business to be proposed at the 2013 Annual General Meeting is set out in Resolutions 1 to 8 inclusive.

Resolution 2 – Declaration of final dividend

Members are being asked to approve a final dividend of 1.33 pence for each ordinary share of 1.25 pence in the capital of the Company in respect of the financial year ended 31 March 2013. If approved, the dividend will be paid on 18 October 2013 to holders of ordinary shares on the register of members at the close of business on 13 September 2013.

Resolution 3 – Re-election of Director retiring by rotation

In compliance with article 85 of the Company's articles of association, one-third of the Directors are required to retire at the 2013 Annual General Meeting. In addition, each Director shall retire from office at the third Annual General Meeting after he was appointed or reappointed if he would not otherwise fall within the Directors to retire by rotation and did not retire at either of those meetings. Accordingly, Philip Meeson will retire at the 2013 Annual General Meeting. He will offer himself for re-election as a Director at the 2013 Annual General Meeting and he is recommended by the Board for re-election. Biographical details of each of the Directors can be found on page 19 of the Annual Report.

Resolutions 4 and 5 – Re-election and reappointment of Directors appointed by the Board since the last Annual General Meeting

In compliance with article 81 of the Company's articles of association, any Director appointed by the Board shall only hold office until the next Annual General Meeting. Accordingly, both Gary Brown and Stephen Heapy will vacate their office of Directors unless reappointed as Directors at the Annual General Meeting. Gary Brown and Stephen Heapy each offer themselves for re-election as a Director at the 2013 Annual General meeting and each is recommended by the Board for re-election. Biographical details of each of the Directors can be found on page 19 of the Annual Report.

Resolution 8 – Authority to allot Ordinary Shares

Your Board is proposing to renew the general authority, last given at the Company's 2012 Annual General Meeting, to allot Ordinary Shares. Resolution 8 would give the Directors the authority to allot up to 15,064,337 new ordinary shares, representing approximately 10.4% of the issued ordinary share capital of the Company as at 30 June 2013. This authority would expire on the earlier of the conclusion of the Company's next Annual General Meeting and 1 March 2015. The Board has no present intention of exercising this authority and intends to seek its renewal at subsequent Annual General Meetings of the Company.

Special Business

The special business to be proposed at the 2013 Annual General Meeting is set out in Resolutions 9 and 10.

Resolution 9 – Disapplication of statutory pre-emption provisions

Your Board is proposing to renew the Directors' authority to allot ordinary shares for cash and to sell treasury shares other than pro rata to existing shareholders. This authority would expire on the earlier of the conclusion of the Company's next Annual General Meeting and 1 March 2015.

Resolution 9 would restrict the number of new ordinary shares which may be allotted for cash to an aggregate maximum of 7,246,783 ordinary shares, being equivalent to approximately 5% of the issued ordinary share capital of the Company as at 30 June 2013. The new authority would also permit allotments to shareholders on a pre-emptive basis subject only, where necessary, to dealing with fractional entitlements and entitlements of foreign shareholders.

Explanatory Notes

Resolution 10 – Authority to purchase Ordinary Shares

This special resolution seeks shareholders' authority for the Company to make market purchases of its own ordinary shares. The Directors have no present intention of exercising this authority, but would wish to have the flexibility to do so in the future. Purchases of own ordinary shares would only be made through AIM. Any ordinary shares purchased would be cancelled (in which case the number of ordinary shares in issue would thereby be reduced) or held in treasury. The Directors will only exercise the authority to make purchases of ordinary shares granted by this resolution if they believe that to do so would result in an improvement in earnings per share and/or is in the best interests of the shareholders generally. The maximum number of ordinary shares which may be purchased is 14,493,566, representing approximately 10% of the issued ordinary share capital of the Company as at 30 June 2013. The authority would expire on the earlier of the conclusion of the Company's next Annual General Meeting and 1 March 2015. The minimum price that could be paid for an ordinary share would be 1.25 pence and the maximum price would be equal to 105% of the average of the middle market quotations for an ordinary share, as derived from the AIM Appendix to the London Stock Exchange Daily Official List (as applicable at the time the proposed purchase is to be contracted) for the five business days immediately preceding the day on which the share is contracted to be purchased, in each case excluding expenses. The Directors expect that, if the authority were to be exercised, the consideration for such purchases would be defrayed by utilising the distributable reserves of the Company.

The Companies Act 2006 permits the Company to purchase its own shares and, rather than cancel those shares, to hold them as treasury shares, in which case they would carry no voting rights and no entitlement to any dividend for as long as the are held as treasury shares.

The Directors also intend to seek renewal of this authority at future Annual General Meetings.

As at 31 March 2013, options over a total of 5,571,917 ordinary shares were outstanding and not exercised. That number of ordinary shares represents approximately 3.9% of the Company's issued ordinary share capital as at the same date. It would represent approximately 4.3% of the issued ordinary share capital if the authority to purchase the Company's own ordinary shares conferred by Resolution 10 had been exercised in full at that date.

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