DART GROUP PLC

Annual Report & Accounts 2016

Welcome to our Annual Report & Accounts 2016

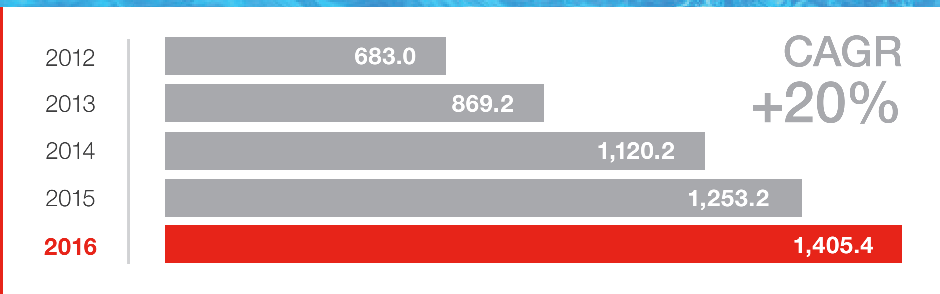
Dart Group PLC is a Leisure Travel and Distribution & Logistics Group specialising in:

- the provision of ATOL licensed package holidays by its tour operator ***Jet2holidays*** and scheduled leisure flights by its airline ***Jet2.com***, to holiday destinations in the Mediterranean, the Canary Islands and to European Leisure Cities; and
- the distribution throughout the UK, by **Fowler Welch**, of fresh produce, and temperature-controlled and ambient products on behalf of retailers, processors, growers and importers.

Financial Highlights

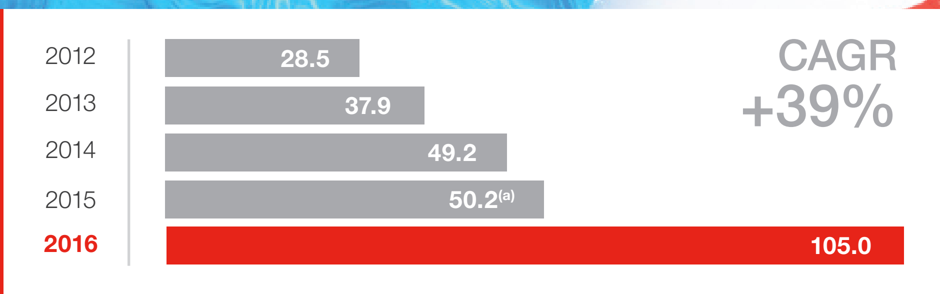
Revenue (£m)

1,405.4



Operating Profit (£m)

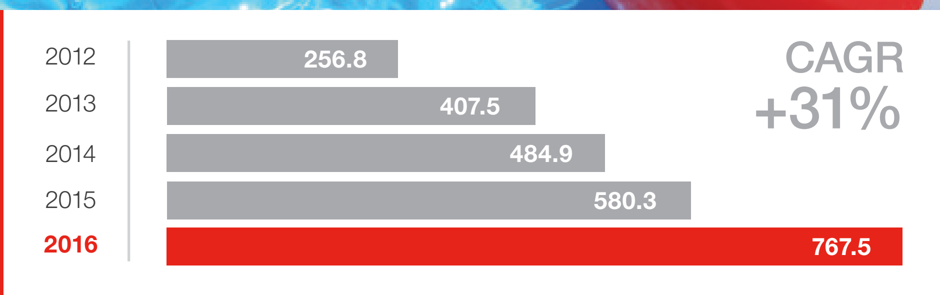
105.0



(a) 2015 Operating Profit is stated on an underlying basis excluding a separately disclosed exceptional provision of £17.0m, in relation to possible passenger compensation claims for historical flight delays.

Advance Sales at Year End (£m)

767.5



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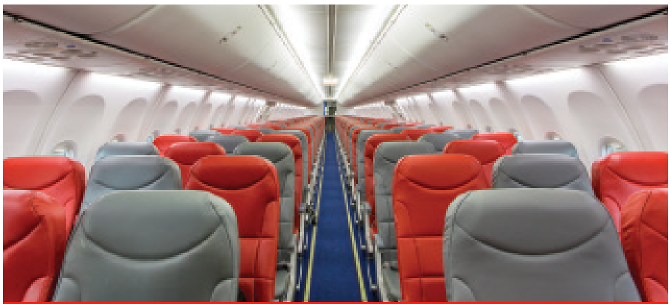
Our New Boeing 737-800NGs

Our new 189-seat Boeing 737-800NGs increase our seating capacity and **improve cost per seat economics**



Our new Boeing 737-800NG interior

This is an exciting time for *Jet2.com* and *Jet2holidays*!

We are investing in thirty new Boeing 737-800NG aircraft for both fleet replacement and our future growth.

These 737-800NGs will be delivered over a two year period to April 2018. This surety of supply will enable us to fulfil our plans for the growth of our leisure travel business. In addition, the increased capacity and improved per-seat economics will give us greater revenue potential.

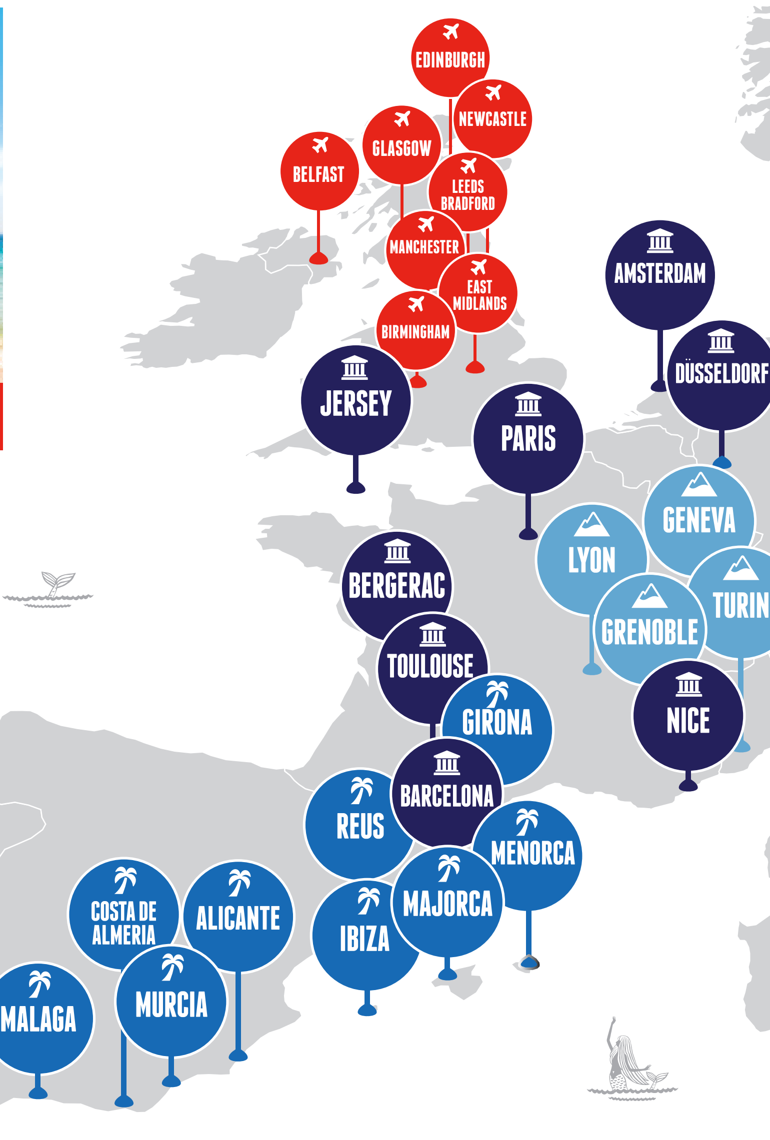
This proven and reliable aircraft, with its enhanced cabin interior, will ensure a relaxed and pleasant experience for our customers.

We are continually developing our product in line with our family friendly ethos - a comfortable and secure environment on board, coupled with great service and fabulous holiday destinations at great value prices.

Our Destinations

MAJORCA

LANZAROTE



NAPLES

PRAGUE

SPLIT

GIRONA

PAPHOS

Alicante Amsterda

Bergerac Bodrum Buda

Dubrovnik Düsseldorf Faro

Girona Gran Canaria

Kefalonia Krakow Lan

Madeira Majorca Mala

Naples New York Nice Papho

Pula Reus Rhodes Rome

Toulouse Turin Venice

Paris Costa De Almeria

m Antalya Barcelona

apest Corfu Crete Dalaman

o (Algarve) Fuerteventura Geneva

Grenoble Ibiza Jersey

zarote Larnaca (Cyprus) Lyon

aga Malta Menorca Murcia

os (Cyprus) Berlin Pisa Prague

e Sofia Split Tenerife

e Verona Vienna Zante

a Salzburg Kos Halkidiki

Operational Highlights

We take people on holiday!

We are continually looking for ways to improve our customers' experiences, choices and enjoyment. In the past year, we have expanded our hotel selection, introduced a unique new in-resort check-in service and developed our thriving ***Jet2CityBreaks*** product.

Package Holidays You Can Trust

Expanding Hotel Portfolio

Jet2holidays' **directly contracted hotel portfolio grew by 430 great new hotels to total over 2,700.**

We have significantly increased our hotel portfolio in order to meet continuing growth from strong repeat bookings, the extension of our peak holiday season, and the recent addition of fantastic new destinations - Costa de Almeria, Halkidiki, Kefalonia and Malta.

New hotel projects at BH Mallorca in Magaluf and Magic Natura Animal, Waterpark & Polynesian Lodge Resort in Benidorm have already proven to be extremely popular. We will continue to carefully add great value 2 to 5-star hotels that will delight our customers, young & old and families alike.

Resort Flight Check-In®

The roll out of Resort Flight Check-In, ***Jet2holidays'*** **exclusive new offering, had customers telling us they love the service.**

Resort Flight Check-In allows customers to drop off their bags at their hotel before going to the airport for their flight home. The trial of the service has proven so successful, it has been expanded to more hotels across Benidorm, Majorca and Tenerife for summer 2016.

Taking your bags for you

Flight, Hotel and City all included

Jet2CityBreaks

The popularity of our ***Jet2CityBreaks*** **product, which offers packaged flights and hotels in an increasing range of European city destinations, continues to grow.**

Jet2CityBreaks are now available in over thirty leading European Leisure Cities, and to further improve its appeal we introduced a 22kg baggage allowance as part of the package.

Our Chairman's Statement

I am pleased to report the Group's strong trading for the year ended 31 March 2016.

Operating profit increased by 109% to £105.0m (2015 Underlying: £50.2m) and profit before tax by 82% to £104.2m (2015 Underlying: £57.2m). Growth in basic earnings per share was 90% to 60.22p (2015 Underlying: 31.72p).

In consideration of the Group's encouraging results, the Board is recommending a final dividend of 3.10p per share (2015: 2.25p) which will bring the total proposed dividend to 4.00p per share for the year (2015: 3.00p), an increase of 33%. This final dividend is subject to shareholders' approval at the Company's Annual General Meeting on 8 September 2016 and will be payable on 21 October 2016 to shareholders on the register at the close of business on 16 September 2016.

The increase in profitability reflects the strength of the Group's Leisure Travel business, which combines both ***Jet2.com***, our leisure airline and ***Jet2holidays***, our package holidays provider, together with an improved performance from **Fowler Welch**, our Distribution and Logistics business.

Revenue in our Leisure Travel business increased by 15% to £1,261.4m (2015: £1,101.5m) and operating profit improved by 112% to £99.6m (2015 Underlying: £46.9m) as over 3.0m departing customers took a flight or package holiday to our sun, city and ski destinations during the year.

Jet2.com flew a total of 6.07m passenger sectors (2015: 6.05m) and achieved an average load factor of 92.5% (2015: 91.2%) alongside an increase in average net ticket yield of 14%. ***Jet2holidays*** took 1.22m customers (2015: 1.00m) on holiday, an increase of 22%, representing 40% of departing customers (2015: 33%).

To meet our programme of aircraft fleet replacement and our planned Leisure Travel business growth, on 3 September 2015 we were delighted to announce an agreement with Boeing to purchase 27 new Boeing 737-800NG aircraft, and subsequently in December 2015, an agreement to purchase a further three new aircraft. These aircraft will be delivered between September 2016 and April 2018.

Fowler Welch improved its profit before tax by £2.1m to £5.4m (2015: £3.3m) on reduced revenues of £144.0m (2015: £151.7m) as lower fuel costs were passed on to customers.

The Group generated increased net cash flow from operating activities of £243.9m (2015: £116.1m). Total capital expenditure of £213.5m (2015: £76.4m) included the purchase of three used Boeing 737-800NG aircraft, one for summer 2015 and two for summer 2016, deposits and pre-delivery payments for the new Boeing aircraft order, and continued investment in the long-term maintenance of our existing fleet of aircraft and engines. The new aircraft pre-delivery payments have been substantially financed.

As at 31 March 2016, the Group's cash and money market deposit balances had increased by £109.2m (2015: £39.1m) to £412.0m (2015: £302.8m) and included advance payments from Leisure Travel customers of £385.8m (2015: £318.7m), in respect of their future holidays and flights.

Leisure Travel

We take people on holiday! Our Leisure Travel business specialises in scheduled flights by our airline ***Jet2.com*** to holiday destinations in the Mediterranean, the Canary Islands and to European Leisure Cities and the provision of ATOL licensed package holidays by our tour operator ***Jet2holidays***.

Our core principles are to be family friendly, offer value for money and give great customer service. For those customers who have arranged their own accommodation, our flights offer competitive fares, convenient flight times, allocated seating and a 22kg baggage allowance. Our package holidays, however, give us the opportunity to deliver an 'end-to-end' experience to which we add value through innovation and customer service. Importantly, our customer volumes allow us to serve many destinations daily and others several times a week during the spring, summer and autumn months, and enable us to offer a great choice of variable duration holidays at affordable prices.

Real package holidays take considerable organisation and attention to detail. ***Jet2holidays*** employs over 900 colleagues contracting and administering hotels, managing the finances and providing operational support. The business has contractual relationships with over 2,700 hotels, encompassing a wide range of great value 2 to 5-star hotel products, catering for young & old and families alike. Many have adjacent waterparks and other great attractions included in the package, adding enjoyment and interest to the overall holiday experience.

*The "Underlying" prior year results are stated excluding a separately disclosed exceptional provision of £17.0m, in relation to possible passenger compensation claims for historical flight delays.

Nearly 40% of our package holidays were sold on an all-inclusive basis. The all-inclusive package offers a 'Defined Price' for the whole holiday experience, including flights, transfers, meals, alcohol for the adults and ice lollies for the kids. This is a resilient, great value offering for families on a tight budget and is particularly attractive for challenging economic times. And to ensure that each of our customers has a happy holiday experience we employ nearly 300 representatives in holiday resorts, backed up by 24-hour customer helplines, to give practical assistance in all eventualities.

The last day of a holiday can often be stressful and with this in mind the business has introduced its "Resort Flight Check-In" service at many hotels. This allows ***Jet2holidays*** customers to check in their baggage for their return flight home at their hotel, allowing them to enjoy their final day, bag and hassle free.

On 7 July 2016 we were very pleased to announce that from April 2017 we will be offering our flights and package holidays from Birmingham Airport – our eighth UK aircraft base. We know that there is strong demand for our services in the Midlands.

During the financial year, ***Jet2.com*** operated 59 aircraft from our then seven Northern UK airport bases to 61 destinations, serving 379 holiday resorts and added three new destinations, Antalya, Kefalonia and Malta. The fleet has grown to 63 aircraft for summer 2016, with a commensurate increase in pilots, engineers and cabin crew. To ensure we have well trained colleagues to support continued growth, our flight simulator and training centre in Bradford has recently taken delivery of a fourth flight simulator.

New ISS packing lines, Teynham

We are fully focused on our package holidays offering and its inherent higher margin and are encouraged that sales continue to grow, outstripping the market, as our reputation for providing ***'package holidays you can trust'*** develops. We ensure that the customer is at the heart of everything we do as we strive to provide wonderful holidays through sustained investment in product, brand and customer service. We believe we have a great future in the Leisure Travel marketplace.

Distribution & Logistics

Fowler Welch is one of the UK's leading providers of distribution and logistics services to the food industry supply chain, serving retailers, processers, growers and importers across its network of nine sites, encompassing circa 900k square foot of warehouse space.

Our major temperature-controlled operations are in the key produce growing and importing areas of Spalding in Lincolnshire, Teynham and Paddock Wood in Kent and Hilsea near Portsmouth, with two further regional distribution sites located at Washington, Tyne and Wear and at Newton Abbot, Devon. Ambient (non-temperature-controlled) consolidation and distribution services are provided at Heywood near Bury and Desborough, Northamptonshire.

In May 2014, **Fowler Welch**, together with our partner Direct Produce Supplies Limited, a leading supplier of fruits to multiple retailers, commenced a joint venture business, **"Integrated Service Solutions"** (ISS) at our Teynham facility in Kent. This provides a full range of fruit ripening and packing services to the

Our ***real*** package holidays give us the opportunity to deliver an **'end-to-end' experience** to which we **add value** through **innovation** and **customer service**.

Philip Meeson
Chairman

produce sector. I am very pleased to report that the business is now contributing positively towards overall Group profitability and feeding considerable volumes of packed fruits into our distribution system.

To meet the growing operational needs of ISS and to provide more distribution space at Teynham, which serves local Kent growers and is located close to the port of Dover and the Channel Tunnel – main arteries for fruit and produce imported into the UK, an extension of the facility was completed on 9 July 2016, adding over 50k square foot of much needed capacity.

On 6 June 2016 **Fowler Welch** agreed a contract with Dairy Crest Limited, to take over its Nuneaton based UK distribution. On this date, the Dairy Crest fleet of 51 tractor units, along with associated distribution colleagues transferred to **Fowler Welch**. This provides an important additional revenue stream, which will be developed by the integration of the Dairy Crest and **Fowler Welch** fleets and the achievement of supply chain efficiencies.

The improvement in profitability and operating margins achieved in the year are expected to continue. By developing its revenue streams and delivering value adding, innovative supply chain services, we believe the outlook for **Fowler Welch** is encouraging.

Outlook

We have a resilient Leisure Travel business. Our strategy is to grow both our flight-only and package holidays products. However, pleasingly, the sales of our higher margin package holidays continue to outperform the market and to provide an increasingly larger proportion of the departing passengers on our flights. At the end of the financial year, package holidays represented 40% of our departing passengers (2015: 33%) and this trend is continuing in this new financial year. The provision of ***real*** package holidays is not easily replicated by non-specialists. As discussed earlier in this statement, the Group dedicates significant resources to deliver an innovative and industry leading product. These holidays, especially all-inclusive packages, which give families certainty of price, have proven particularly successful in challenging economic times.

The current financial year has started well in both our Leisure Travel and Distribution businesses. Although we were disappointed at the result of the recently held referendum on whether the UK should remain in the EU, we are confident that our customers will need our specialist food distribution services and will be keen to travel from our rainy islands to the sun spots of the Mediterranean, the Canary Islands and to European Leisure Cities.

Philip Meeson
Chairman
14 July 2016

Business & Financial Review

Group Financial Performance

The Group's financial performance for the year to 31 March 2016 is reported in line with International Financial Reporting Standards ("IFRS"), as adopted by the EU, which were effective at 31 March 2016.

Summary Income Statement	2016 Total £m	2015 Before separately disclosed items £m	2015 Separately disclosed items (see note 29) £m	2015 Total £m	Change (2016 vs. 2015 before separately disclosed items)
Revenue	**1,405.4**	1,253.2	–	1,253.2	*12%*
Net operating expenses	**(1,300.4)**	(1,203.0)	(17.0)	(1,220.0)	*(8%)*
Operating profit	**105.0**	50.2	(17.0)	33.2	*109%*
Net financing income	**0.5**	0.6	–	0.6	*(17%)*
Revaluation of derivative hedges	**–**	1.6	–	1.6	*(100%)*
Net FX revaluation (losses) / gains	**(1.3)**	4.8	–	4.8	*(127%)*
Net financing (costs) / income	**(0.8)**	7.0	–	7.0	*(111%)*
Group profit before tax	**104.2**	57.2	(17.0)	40.2	*82%*
Net financing costs / (income)	**0.8**	(7.0)	–	(7.0)	*111%*
Depreciation	**88.7**	71.3	–	71.3	*24%*
EBITDA	**193.7**	121.5	(17.0)	104.5	*59%*
Operating profit margin	**7.5%**	4.0%	–	2.6%	*3.5 ppts*
Group profit before tax margin	**7.4%**	4.6%	–	3.2%	*2.8 ppts*
EBITDA margin	**13.8%**	9.7%	–	8.3%	*4.1 ppts*

A strong summer season for the Leisure Travel business was followed by a better than expected winter, as customer demand for our flight-only and package holidays remained buoyant. Net ticket yields and average package holiday prices showed healthy increases, resulting in the business increasing its revenue by 12% to £1,405.4m (2015: £1,253.2m).

An improved forward booking position entering summer 2015, consistent demand and the continuing growth of our higher margin package holidays product as a percentage of overall sales all contributed to the Group's improved operating profit of £105.0m, more than double the previous year's underlying result of £50.2m. On a statutory basis, operating profit increased by 216% from £33.2m, after an exceptional charge of £17.0m in the previous year.

Net financing costs of £0.8m (2015: income £7.0m) included a net £1.3m charge in relation to the revaluation of foreign currency and pre-delivery payment loan balances held at the reporting date (2015: income £4.8m).

As a result, the Group achieved a statutory profit before tax of £104.2m (2015 Underlying: £57.2m). Group EBITDA increased by 59% to £193.7m (2015 Underlying: £121.5m).

The Group's effective tax rate of 15% (2015: 18%) was lower than the headline rate of corporation tax of 20% due to certain deferred tax liability reductions. Earnings per share increased by 90% to 60.22p (2015 Underlying: 31.72p). Overall basic earnings per share increased by 169% from 22.42p after adjusting for the exceptional provision of £17.0m charged in the previous year.

Summary of Cash Flows	2016 £m	2015 £m	Change
EBITDA	**193.7**	104.5	*85%*
Other P&L adjustments	**0.1**	0.1	–
Movements in working capital	**61.0**	19.1	*219%*
Interest and taxes	**(10.9)**	(7.6)	*(43%)*
Net cash generated from operating activities	**243.9**	116.1	*110%*
Purchase of property, plant & equipment	**(213.5)**	(76.4)	*(179%)*
Movement on borrowings	**81.9**	(0.8)	*10,338%*
Other items	**(3.1)**	0.2	*(1,650%)*
Increase in net cash and money market deposits	**109.2**	39.1	*179%*

Net cash generated from operating activities was £243.9m (2015: £116.1m) out of which capital expenditure of £213.5m (2015: £76.4m) was incurred. The Group generated a net cash inflow[a] of £109.2m (2015: £39.1m), resulting in a year end cash position, including money market deposits, of £412.0m (2015: £302.8m). The Group continues to be funded, in part, by payments received in advance of travel from its Leisure Travel customers, which at the reporting date amounted to £385.8m (2015: £318.7m).

Of these customer advances, £68.5m (2015: £97.5m) was considered restricted by the Group's merchant acquirers as collateral against a proportion of forward bookings paid for by credit or debit card. These balances become unrestricted once our customers have travelled. The business also had £5.2m (2015: £51.7m) of cash placed with various counterparties in the form of margin calls to cover out-of-the-money hedge instruments.

The Group is continuing to meet the UK Civil Aviation Authority's required levels of "available liquidity", which is defined as free cash plus available undrawn banking facilities.

Summary Balance Sheet	2016 £m	2015 £m	Change
Non-current assets[c]	**426.6**	302.1	*41%*
Net current assets[b]	**288.9**	252.4	*14%*
Deferred revenue	**(767.5)**	(580.3)	*(32%)*
Other liabilities	**(36.7)**	(19.4)	*(89%)*
Derivative financial instruments	**(4.6)**	(100.4)	*95%*
Cash and money market deposits	**412.0**	302.8	*36%*
Total shareholders' equity	**318.7**	157.2	*103%*

(a) Cash flows are reported including the movement on money market deposits (cash deposits with maturity of more than three months from point of placement) to give readers an understanding of total cash generation. The Consolidated Cash Flow Statement reports net cash flow excluding these movements.
(b) Stated excluding cash and cash equivalents, money market deposits, deferred revenue and derivative financial instruments.
(c) Stated excluding derivative financial instruments.

Total shareholders' equity increased by £161.5m (2015: reduced £24.4m) as profit after tax of £88.8m (2015: £32.8m) was augmented by favourable movements in the cash flow hedging reserve, a result of the reversal of adverse net mark-to-market balances on jet fuel and currency forward contracts held at the end of the previous financial year.

During the financial year the Group entered into an agreement with Boeing to purchase 30 new Boeing 737-800NG aircraft to meet its programme of aircraft fleet replacement and planned Leisure Travel growth. These aircraft have an approximate list price of USD 2.9 billion, however the Group has negotiated significant discounts from this price. The aircraft will be funded through a combination of internal resources and debt and will be delivered between September 2016 and April 2018.

Our Pilot, Engineer and Cabin Crew Training Centre

Our Leeds Contact centre, which includes our Sales, Service and Operational teams

Business & Financial Review

Leisure Travel

Leisure Travel Financials	2016 Total £m	2015 Before separately disclosed items £m	2015 Separately disclosed items (see note 29) £m	2015 Total £m	*Change (2016 vs. 2015 Before separately disclosed items)*
Revenue	**1,261.4**	1,101.5	–	1,101.5	*15%*
Net operating expenses	**(1,161.8)**	(1,054.6)	(17.0)	(1,071.6)	*(10%)*
Operating profit	**99.6**	46.9	(17.0)	29.9	*112%*
Net financing income	**0.5**	0.6	–	0.6	*(17%)*
Revaluation of derivative hedges	**–**	1.6	–	1.6	*(100%)*
Net FX revaluation (losses) / gains	**(1.3)**	4.8	–	4.8	*(127%)*
Net financing (costs) / income	**(0.8)**	7.0	–	7.0	*(111%)*
Profit before tax	**98.8**	53.9	(17.0)	36.9	*83%*
Net financing income & Revaluations	**0.8**	(7.0)	–	(7.0)	*111%*
Depreciation	**86.4**	69.1	–	69.1	*25%*
EBITDA	**186.0**	116.0	(17.0)	99.0	*60%*
Operating profit margin	**7.9%**	4.3%	–	2.7%	*3.6 ppts*
Profit before tax margin	**7.8%**	4.9%	–	3.3%	*2.9 ppts*
EBITDA margin	**14.7%**	10.5%	–	9.0%	*4.2 ppts*

Segmental Performance – Leisure Travel

The Group's Leisure Travel business which incorporates ***Jet2.com***, our leading leisure airline and ***Jet2holidays***, our ATOL licensed package holidays operator, takes customers on holiday to the Mediterranean, the Canary Islands and to European Leisure Cities.

Planning efforts were concentrated on improving flight departure times, our hotel product and increasing the mix of package holiday customers, resulting in a 22% increase to 1.22m customers (2015: 1.00m) choosing a full package holiday, 40% of total departing passengers (2015: 33%). The remaining 1.81m departing passengers chose a flight only (2015: 2.02m).

The average load factor for the year of 92.5% (2015: 91.2%) was supplemented by a 14% increase in net ticket price per passenger to £91.11 (2015: £79.87). The average price of a package holiday increased by 4% to £616.30 (2015: £590.69), reflecting not only increased flight ticket yields but also an increasing number of customers choosing 4 and 5-star packages as the variety of hotels we offer continues to grow.

Non-ticket retail revenue per passenger increased by 3% to £31.98 (2015: £30.91). This revenue stream, which is primarily discretionary in nature, continues to be optimised through our customer contact programme as we focus on Pre-Departure Sales (principally hold bags and advanced seat assignment) and In-Flight Sales (pre-ordered meals, drinks, snacks, cosmetics and perfumes) and ancillary products (car hire and travel insurance).

As a result, total Leisure Travel revenue grew by 15% to £1,261.4m (2015: £1,101.5m) whilst operating profit grew 112% to £99.6m (2015 Underlying: £46.9m).

The delivery of a smooth customer booking journey is of paramount importance to the business whichever booking channel is chosen. As customers' online browsing and purchasing habits evolve, our websites and mobile applications are continuously developed and refined by our team of software developers to ensure that the search and booking experience is as effortless and efficient as possible, whether the customer uses a PC, tablet or mobile phone. Approximately half of our

package holidays are sold online via ***Jet2holidays.com***, whilst 99% of our flight-only seats are booked on the ***Jet2.com*** website.

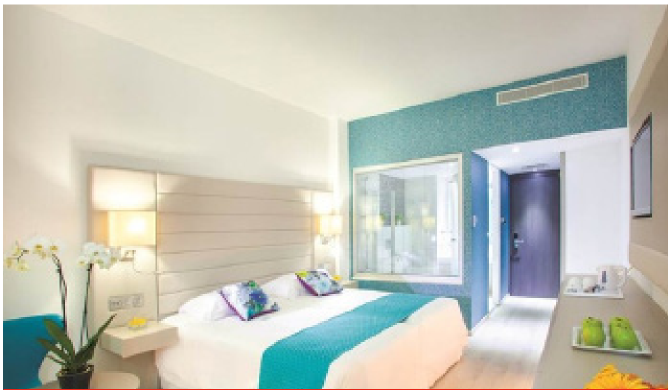
Our customer contact centre in Leeds employs over 300 sales and customer service advisers. Demanding service levels are maintained to ensure that customers' calls are answered swiftly. Our sales colleagues are trained to handle calls in a friendly and informative manner and to have an intimate knowledge of our products, so that customers' individual needs can be catered for and to maximise opportunities for sales conversion. Currently 17% of package holiday bookings are made through our call centre. Once a booking has been made, our pre-travel services team takes over, answering queries and ensuring that customers are updated with post-booking information or provided with any further pre-travel assistance as required.

A third of our package holiday sales come through high street travel agents, who are considered very valuable and important distribution partners for the business. Our packages are sold by major travel agent chains, key multiple retailers, homeworker companies and independent agents.

Onsite Water Park
King Evelthon Beach Hotel & Resort, Paphos

Family Room with Sea View
Hotel Europa Splash, Costa Barcelona

Kids Club
Dream Gran Castillo Resort, Lanzarote



Superior Room
King Evelthon Beach Hotel & Resort, Paphos

As it has grown, our Leisure Travel business has continually invested in marketing and in improving customer service standards. ***Jet2holidays*** benefits from its breadth of hotel choice and a family-focused approach, which includes free child places at hundreds of hotels and a consistently low deposit. Repeat bookings from satisfied customers and our continuing investment in product and in marketing has paid dividends with bookings for summer 2016 on course to surpass last year, whilst at the same time brand awareness continues to improve as a result of our broad marketing strategy.

During the year, ***Jet2.com*** expanded its route network, operating a total of 227 routes (2015: 217). ***Jet2CityBreaks***, which offers a packaged flight and hotel product in leading European Leisure Cities proved popular as increasing numbers of customers took the opportunity to visit some of Europe's most exciting city destinations.

Investment in our attractive product and depth of service offering, together with the growing opportunity to cross-sell between flight-only and package holiday customers means the business remains confident of delivering its growth plans.

Leisure Travel KPIs[a]	2016	2015	Change
Owned aircraft at 31 March	**45**	44	*2%*
Aircraft on operating leases at 31 March	**14**	11	*27%*
Number of routes operated during the year	**227**	217	*5%*
Leisure Travel sector seats available (capacity)	**6.56m**	6.63m	*(1%)*
Leisure Travel passenger sectors flown	**6.07m**	6.05m	*0.3%*
Leisure Travel load factor	**92.5%**	91.2%	*1.3 ppts*
Flight-only passenger sectors flown	**3.63m**	4.05m	*(10%)*
Package holiday passenger sectors flown	**2.44m**	2.00m	*22%*
Package holiday customers	**1.22m**	1.00m	*22%*
Net ticket yield per passenger sector (excl. taxes)	**£91.11**	£79.87	*14%*
Average package holiday price	**£616.30**	£590.69	*4%*
Non-ticket revenue per passenger sector	**£31.98**	£30.91	*3%*
Average hedged price of fuel (US$ per tonne)	**$674**	$922	*27%*
Fuel requirement hedged for 2016/17	**99%**	98%	*1.0 ppt*
Advance sales made as at 31 March	**£767.5m**	£580.3m	*32%*

(a) See Glossary of Terms on page 69 for further details.

Jet2holidays benefits from its breadth of hotel choice and a **family-focused** approach, which includes free child places at hundreds of hotels and a consistently low deposit.

Stephen Heapy
Chief Executive Officer
Jet2.com & ***Jet2holidays***

Business & Financial Review

Distribution & Logistics

Segmental Performance – Distribution & Logistics

The Group's distribution business, **Fowler Welch**, is one of the UK's leading temperature-controlled logistics providers to the food industry supply chain, serving retailers, processors, growers and importers across its network of nine distribution sites. A full range of added value services is provided, including storage, case-level picking and the packing of fruits, together with an award winning national distribution network.

Revenue reduced by 5% to £144.0m (2015: £151.7m) primarily due to lower fuel costs which were passed onto customers. The business performed well operationally as varying seasonal volumes were handled efficiently. Further gains were made as a result of a concentrated focus on fleet utilisation. In addition, **Fowler Welch**'s joint venture, Integrated Service Solutions, which stores, ripens and packs stone-fruit and exotic and organic fruits at Teynham, Kent contributed positively to the overall result.

Fowler Welch's Kent operations, at its Teynham and Paddock Wood distribution centres, sit in the heart of that county's fruit growing areas and their proximity to both the port of Dover and the Channel Tunnel make them ideally positioned to provide packing and distribution services for local growers and for fruit and produce imported from across the Channel. The 50,000 square foot extension of the Teynham depot has now been completed adding much needed capacity for further revenue opportunities and the expansion of our joint venture fruit packing business.

Spalding, our key distribution centre in the major growing county of Lincolnshire, delivered improved underlying revenue[a]. This increase was generated both through existing and new customer volume growth.

The Heywood "Hub", **Fowler Welch**'s 500,000 square foot ambient (non-temperature-controlled) shared user storage and distribution centre, located near Bury, Greater Manchester, saw underlying revenue[a] decrease by 17% year-on-year, reflecting declines within its customer base. Following a review of the site's product profile and increased sales efforts this valuable site is attracting further new customers.

The Hilsea depot, which is located near to Portsmouth International Port, had a strong year with encouraging underlying revenue[a] growth of 9.0%. New contract wins and growth with existing customers underlined the strength of the range of warehousing, consolidation and distribution services offered.

The dedicated site at Desborough, Northamptonshire, providing distribution services to a major confectionery manufacturer, renewed its contract for a further three years. Investment in state of the art trailers which can be automatically unloaded or used as a conventional trailer will add value for both this customer and **Fowler Welch** over the new three year term. Our regional distribution sites at Washington, Tyne and Wear and at Newton Abbot, Devon provide direct store delivery services on behalf of leading retailers to over 100 stores every day.

Continued focus on building a quality revenue pipeline and developing creative added value services for its customers remains fundamental to **Fowler Welch**'s growth strategy. Following the reporting date, the business completed and successfully implemented a 10 year commercial venture to provide a transport and distribution solution for Dairy Crest Limited. This has increased the core vehicle fleet of **Fowler Welch** by approximately 10%.

Based at Dairy Crest's National Distribution Centre at Nuneaton near Coventry, a new region for the business, we expect the operation to progressively expand using Dairy Crest's products as the initial volume, as it is integrated into the **Fowler Welch** distribution network.

The continued addition of **better quality** revenue streams, supplemented by added value, **innovative supply** services to key customers, provide us with continued confidence for the company's **future profitable growth**.

Nick Hay
Chief Executive Officer
Fowler Welch

With its strong and committed team, an enhanced national network of sites and the expertise and flexibility to operate effectively in both the temperature-controlled (chill and produce) and ambient arenas, **Fowler Welch** has a strong operational foundation. The continued addition of better quality revenue streams, supplemented by added value, innovative supply services to key customers, such as those recently implemented for Dairy Crest and our joint venture fruit packing business, provide us with continued confidence for the company's future profitable growth.

[a] References to "underlying revenue" are stated excluding fuel supplement income, which is linked to recognised industry indices.

Distribution & Logistics Financials	2016 £m	2015 £m	*Change*
Revenue	**144.0**	151.7	*(5%)*
Operating expenses	**(138.6)**	(148.4)	*7%*
Operating profit	**5.4**	3.3	*64%*
Net financing costs	**–**	–	–
Profit before tax	**5.4**	3.3	*64%*
Depreciation	**2.3**	2.2	*5%*
EBITDA	**7.7**	5.5	*40%*
Operating profit margin	**3.8%**	2.2%	*1.6 ppts*
Profit before tax margin	**3.8%**	2.2%	*1.6 ppts*
EBITDA margin	**5.3%**	3.6%	*1.7 ppts*

Distribution & Logistics KPIs[b]	2016	2015	*Change*
Warehouse space as at 31 March (square foot)	**847,000**	847,000	–
Number of tractor units in operation	**428**	467	*(8%)*
Number of trailer units in operation	**629**	655	*(4%)*
Miles per gallon	**9.1**	9.2	*(1%)*
Annual fleet mileage	**39.0m**	41.5m	*(6%)*

[b] See Glossary of Terms on page 69 for further details.

Packed fruits for distribution from our Teynham depot

The 50,000 square foot extension of the Teynham depot has now been completed

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 operations, its reputation, financial results and strategic objectives. This list is not intended to be exhaustive.

Safety and security

The safety and security of our customers and our colleagues is a key priority. 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 assessment of health and safety risks in the hotels we feature, as well as the other holiday components we package, is part of our normal package holiday business routines; this is reflected in our package holiday Safety Management System. Supplier compliance is reviewed prior to any hotel being placed on sale or occupied by any Leisure Travel customer, and a compliance programme is in place for all featured hotels, including auditing and ongoing reviews of the safety of the programme. A Health and Safety Steering Committee reviews all activity undertaken. It reports to the Chief Executive Officer of ***Jet2holidays*** Limited, and recommends the health and safety strategy implemented by the Board.

Our airline business operates a robust Safety Management System based upon a 'Just Culture', which provides an environment where all colleagues are encouraged to report and submit safety related information in a timely manner. This enables proactive assessment and mitigation of risk associated with our operation, escalated via regular internal safety steering committees and action groups.

Compliant and effective Safety Management System oversight is provided by the appropriate use of occurrence report investigations, flight data management, risk management, health and safety and aviation security inspections, together with quality assurance audits across our operations.

All airline safety and security matters are managed by our Safety, Compliance and Assurance group which reports directly to the Accountable Manager (the Managing Director of ***Jet2.com*** Limited) and the Safety Review Board. The board meets quarterly, monitors trends and identifies any areas of risk that require closer attention.

Competition

The Group is impacted by competitor activity in each business area.

As a result, the Leisure Travel business will continue to focus on its core principles, which are: to be family friendly; to offer value for money; and to give great customer service. It will also continue to focus on customer driven scheduling of flights on popular routes to leisure destinations in order to maximise Load Factor, Net Ticket Yield, Non-ticket Revenue and Average Package Holiday Price, whilst ensuring that our great value proposition remains attractive to our customers.

We continue to work alongside and invest in relationships with key hotel suppliers to ensure the availability of accommodation that meets our customers' requirements. The operation will continue to benefit from a number of sales channels – taking bookings through its ***Jet2holidays.com*** and ***Jet2.com*** websites, its call centre, travel agencies and via tour operators – and from non-scheduled aircraft utilisation through its passenger and freight charter activities.

In the Distribution & Logistics business, the loss of a substantial customer is the largest financial risk facing the company. This is mitigated by **Fowler Welch**'s focus on developing a pipeline of future business opportunities, together with the achievement of high service levels, careful cost control and added value, innovative supply services, in the chilled, produce and ambient market sectors.

IT system dependency and information security

The Group is reliant on a number of key IT systems, their scalability and ongoing development. The Leisure Travel business is dependent on the internet and receives the majority of its revenues through online debit and credit card transactions. Further revenues are received at departure airports and on our flights via Chip & PIN-secured devices. The primary IT risks to the Group are a loss of systems, unauthorised access to facilities, or a security breach, which could lead to disruption that has an operational, reputational and/or financial impact. To mitigate these risks and to ensure any potential loss of functionality is minimised, the Group regularly tests its disaster recovery plan in relation to its IT infrastructure, which would be activated should a loss of functionality occur. The Group also operates a formal IT Change Management process that directs and controls changes to its data processing environment. In addition, the Group is engaged in regular information security reviews and updates its policies and procedures in line with industry best practices and standards and business requirements. The Group has continued to strengthen its cyber threat mitigation by proactively educating its colleagues of the risks. This ensures that the Group has in place systems, controls and processes to protect its network from external and internal security threats. The Group also achieved PCI DSS attestation of compliance in March 2016.

Exposure to fluctuations in fuel prices and exchange rates

The cost of fuel remains a material element of the cost base of the Leisure Travel business, and the effective management of fuel price variation will continue to be important.

The Group's strategy is to manage fuel price risk, via forward contracts, with the aim of limiting exposure to sudden increases in oil prices, whilst ensuring the business remains 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 the Leisure Travel business, incurs considerable operational costs which are euro and US dollar denominated and is therefore exposed to sudden movements in exchange rates. To protect against such fluctuations, the Group uses forward currency contracts with approved counterparties.

Further information on hedging, which is our key mitigation to these risks, is contained within the treasury management section on pages 19 to 20 and in note 22 to the consolidated financial statements.

Economic conditions

Whilst we believe that UK consumers regard their summer holiday as a very important element of the annual household budget, ultimately, economic conditions are likely to have an impact on the level of demand for the Group's Leisure Travel services. To mitigate this risk, the Group will continue to focus on serving its customers' demand for great value package holidays in, and flights to, leisure destinations in the Mediterranean, the Canary Islands and European Leisure Cities.

Environmental risks

As evidenced in recent years, the Leisure Travel business is 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: acts of terrorism; epidemics; pandemics; and strike action.

The business mitigates these risks by regularly updating a carefully planned response to be implemented by a team of experts should there be significant disruption to our Leisure Travel activities. The Group also maintains prudent levels of liquid funds to enable the business to continue to operate through a period of sustained disruption.

In addition, the investment in our commercial centre in Leeds means that we have the ability to run our business from more than one site, which supports our established Business Continuity Plan.

Government policy and regulatory intervention

The airline industry is heavily regulated, with recent intervention including, most notably, passenger compensation claims in relation to flight delays and cancellations under Regulation (EC) No 261/2004.

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 maintain its focus on delivering a great value package holiday product, the careful management of its route network, on-time performance and will continue to engage with policy setters and regulators to encourage legislation that is fit for purpose.

Treasury management

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 regularly 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.

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 an unutilised banking facility, for which all covenants had been met. 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, while securing the continuity and flexibility of funding through the use of committed banking facilities and specialist aircraft finance. Additionally, short-term cash flow risk in relation to margin calls in respect of fuel and foreign currency hedge positions is minimised through diversification of counterparties together with 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 banking facility covenant compliance and headroom.

Fuel, currency and carbon hedging

The Group utilises foreign exchange forward contracts and monthly fuel swaps to hedge its exposure to movements in euro and US dollar exchange rates, and its exposure to jet fuel price movements that arise through its Leisure Travel activities. The Group's Hedging 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 for speculative purposes.

Details on derivative transactions outstanding at the year end relating to forward currency contracts 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 up to 90% of future fuel requirements, up to 30 months in advance. Further information in relation to aviation fuel swaps held is given in note 22 to the consolidated financial statements. As at 31 March 2016, the Group had hedged substantially all of its forecast fuel requirements for the 2016/17 year. It had also hedged a proportion of its requirements for 2017/18 and the subsequent year. All hedging is in line with the policy.

Principal Risks and Uncertainties

Foreign currency risk
The Group has significant transactional foreign currency exposure, primarily relating to the euro and the US dollar. Transactional currency exposures arise as a result of purchases denominated in foreign currency undertaken in the ordinary course of business, in particular related to expenditure on hotel accommodation, aviation fuel, aircraft maintenance, air traffic control, and airport charges. The Group's policy is to cover up to 90% of its expected requirements for a period of up to 30 months in advance, using forward foreign exchange contracts. As at 31 March 2016, the Group had hedged a significant proportion of its forecast foreign exchange requirements for the 2016/17 year and a proportion of its requirements for the subsequent year. Further information in relation to foreign currency exchange risk is given in note 22 to the consolidated financial statements.

Carbon risk
The Group also hedges its carbon exposure in relation to its obligations under the EU Emissions Trading Scheme. As at 31 March 2016, the Group has acquired its entire requirement for the year ending 31 December 2016 and more than half 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's multi-year planning process gives clear visibility of earnings and liquidity to ensure continued operation well within banking facility covenant levels.

EU Referendum
We believe that the foreseeable impacts of the UK public's recent vote to leave the EU are covered by the principal risks and uncertainties highlighted above.

Gary Brown
Group Chief Financial Officer
27 July 2016

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 2016. The Corporate Governance Statement set out on pages 28 to 29 forms part of this report.

Business review

The Company is required by the Companies Act 2006 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 10 to 17;
- Current Directors' details and Directors who served through the year: page 21;
- Directors' remuneration: pages 24 to 27; and
- Financial instruments exposure and 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 £88.8m (2015 Underlying: £46.4m) (2015: £32.8m). An interim dividend of 0.90p per share was paid on 1 February 2016 (2015: 0.75p).

In consideration of the Group's strong trading performance and outlook, the Directors recommend the payment of a final dividend for the year ended 31 March 2016 of 3.10p per share (2015: 2.25p), making a total of 4.00p per share for the year (2015: 3.00p). The final dividend, which is subject to shareholders' approval at the Company's Annual General Meeting on 8 September 2016, will be payable on 21 October 2016 to shareholders on the register at the close of business on 16 September 2016.

Board of Directors

Philip Meeson: Group Chairman and Chief Executive
Gary Brown: Group Chief Financial Officer
Stephen Heapy: Executive Director
Mark Laurence: Independent Non-Executive Director

Secretary to the Board

Ian Day: Group Company Secretary

Executive Directors

Philip Meeson is Chairman and Chief Executive of Dart Group PLC and Executive Chairman of the Leisure Travel 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 UK logistics operator and the North's leading leisure travel 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. For information on the history of Dart Group PLC please visit the following page of the Group's website: www.dartgroup.co.uk/Dart-Group-history.

Gary Brown, Group Chief Financial Officer, joined Dart Group PLC 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 PLC, Gary was Global Chief Financial Officer 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 of England and Wales.

Stephen Heapy, Executive Director, joined the Board in June 2013. He has been with Dart Group PLC since 2009 and is the Chief Executive Officer of ***Jet2holidays*** and ***Jet2.com***. 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, a Chartered Company Secretary and is a Member of the Institute for Turnaround.

Non-Executive Director

Mark Laurence joined the Company on 28 May 2009 as a Non-Executive Director and was recognised at the 2014 Grant Thornton Quoted Company Awards as Non-Executive Director of the Year. Mark began his career as a transport sector investment analyst at Kitcat and Aitken, WI Carr and Merrill Lynch (formerly Smith New Court plc) where the team was ranked No.1 in the 1995 Extel Financial Survey of UK Investment Analysts. In 1997, he joined Collins Stewart plc and helped develop the group leading up to its MBO and IPO in 2000. Since 2001, Mark has pursued a career in fund management, most recently as a founding partner of Fundsmith. Mark is also vice-chairman of the endowment investment committee of King's College University and a governor of Bryanston School in Dorset.

Directors' interests

The Directors who held office at 31 March 2016 had the following interests in the ordinary shares of the Company:

	31 March 2016	31 March 2015
Philip Meeson	**56,240,000**	56,240,000
Mark Laurence	**200,000**	200,000
Stephen Heapy	**120,136**	95,136

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 24 to 27. Directors' interests have not changed since 31 March 2016.

Directors' Report

None of the Directors have 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 30 June 2016:

Schroder Investment Management (Institutional Group)	7.91%
Silver Point Capital	5.50%
Acadian Asset Management	3.54%
Standard Life Investments	3.24%
Hargreave Hale	3.09%

Issued share capital

Issued share capital was increased by 885,956 (2015: 1,229,392) 1.25 pence ordinary shares following the exercise of their rights by holders of share options granted on the following dates:

Grant Date	No. of options exercised	Scheme
23-Nov-05	**40,000**	Approved
03-Aug-07	**16,500**	Approved
18-Dec-07	**15,000**	Approved
04-Sep-08	**70,268**	Approved
10-Sep-09	**565,059**	Approved
16-Dec-09	**62,950**	Approved
04-Aug-11	**11,250**	Approved
22-Dec-11	**8,750**	Approved
01-Aug-12	**55,756**	Approved
21-Nov-05	**40,000**	Unapproved
04-Sep-08	**423**	Unapproved
Total	**885,956**	

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 8 September 2016, Resolutions 1 to 7 (inclusive) will be ordinary business and Resolutions 8 and 9 will be special business. Ordinary Resolution 7 deals with the Directors' authority to allot ordinary shares pursuant to section 551 of the Companies Act 2006 up to an aggregate nominal amount of £150,578, such authority to expire on 1 December 2017 or, if earlier, on the close of the 2017 Annual General Meeting. Special Resolution 8 deals with the Directors' authority to allot, on a non pre-emptive basis, equity securities for cash up to a maximum aggregate nominal amount equal to 10% of the issued share capital of the Company at 30 June 2016. Special Resolution 9 deals with the authority of 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 30 June 2016.

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 Travel and Distribution & Logistics businesses.

The Group takes its responsibility to the environment seriously, with fuel emissions being an important issue for both businesses. It is in our own and our customers' interest 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.

During 2016, ***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 of 20% by 2020 compared to 1990 levels.

As part of a continuous drive to operate more efficiently, ***Jet2.com*** continues to reduce its fuel consumption and carbon emissions per flown mile by means of its "efficient flying" programme. This programme looks at all aspects of the airline's operation which can influence or directly impact the efficiency of its flying activities, including Single Engine Taxi Operations, reduced fuel contingency procedures, performance based navigation approaches, increasing percentage of winglet aircraft within the fleet and continuing investment for the growing B737-800 fleet.

Our aircraft exceed the International Civil Aviation Organisation's requirements for minimising air pollution. Thirty-six of the aircraft we operate are fitted with winglets, which improve performance during take-off, climb, and cruise elements of flights.

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. Accordingly, the business has focused on fleet renewal and telemetry technology and has invested in management resource in order to direct training and development toward those drivers that have the greatest need. This focus has also contributed to a significant reduction in the value 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. Working in conjunction with trailer and refrigeration suppliers, the business recently launched the trial of a trailer which is achieving a 50% reduction in trailer carbon emissions.

In the warehouses, we continue to invest in lighting and refrigeration unit efficiency. This is part of a strategy of continuous investment in energy-saving technologies and methodologies. For example, our recently expanded warehouse in Teynham has state-of-the-art photovoltaic panels over the extended roof. The company remains on target to achieve the targeted 35% reduction in overall carbon emissions. As well as direct energy reduction benefits, the business also utilises the latest generation refrigerants, ensuring low Global Warming Potential.

Employee involvement

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

Our Leisure Travel business has 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. Nomination volumes continue to grow, including those from our customers in relation to the excellent service they have received. This scheme is embedded in the business and underpins our customer focus principles.

The business recognises that as it grows it is increasingly important that colleagues communicate well and that everyone works together as one team. Senior management must understand the views and thoughts of colleagues and it is crucial that colleagues understand the reasons for key decisions and, when appropriate, are consulted about planned change. Consequently, building on the success of the Flight Deck and Cabin Crew consultative bodies, an Information and Consultation Agreement and Protocol covering every UK employee was established. The five agreements that make up the Information and Consultation Agreement and Protocol were approved by the negotiating representatives and set out how the Company informs and consults with colleagues as well as how the groups work in practice, including how representatives are elected.

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 via business briefings and management conferences. A series of initiatives to increase colleague engagement is also in place to facilitate the Company's approach to being a good employer. A colleague recognition scheme ('STAR') provides both monthly and quarterly awards for behaviour and successes that deserve special acknowledgement.

Health, safety and quality

The responsibility for the health and safety of all colleagues and customers, whilst in our care, is a key priority for the Group and is described in more detail on page 18 above.

In addition, **Fowler Welch** is proud to make known its network-wide British Retail Consortium ("BRC") accreditation, which continues to be the safety and quality standard for product manufacturing and handling in the UK and beyond.

Equality and diversity

The Group is committed to promoting diversity and ensuring equality of opportunity for all within the workplace, regardless of race, gender, 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, including the provision of prizes for local fundraising activities. The Group also continues to support its chosen charity, Hope for Children www.hope-for-children.org.

Going concern

The Directors have prepared financial forecasts for the Group, comprising operating profit, balance sheets and cash flows through to 31 March 2019.

For the purpose of assessing 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 banking facilities, the Group's net current liability position, and sensitised forecasts of future trading through to 31 March 2019, including performance against financial covenants and the assessment of principal areas of uncertainty and risk.

Having considered the points outlined above, the Directors have a reasonable expectation that the Company and the Group will be able to operate within the levels of available banking facilities and cash for the foreseeable future. Consequently, they continue to adopt the going concern basis in preparing the financial statements for the year ended 31 March 2016.

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

In accordance with s489 of the Companies Act 2006, a resolution for the reappointment of KPMG LLP as Auditor of the Company will be proposed at the forthcoming Annual General Meeting.

By order of the Board

Gary Brown
Group Chief Financial Officer
27July 2016

Report on Directors' Remuneration

Remuneration Committee

During the year ended 31 March 2016, the Group's Remuneration Committee (the "Committee") was chaired by Mark Laurence. Philip Meeson, Group Chairman and Chief Executive, was the other member of the Committee during the year. The Committee makes recommendations to the Board, within agreed terms of reference, on an overall remuneration package for Executive Directors.

Executive Director Remuneration Policy

The Committee, having taken external advice, believes that the value of the total employment packages of the Executive 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 are discussed below.

Remuneration element and purpose	Operation	Measures to assess performance/clawback application
Salary To provide the core compensation for the Executive Director's role, at a level to attract and retain executives of the required calibre.	The basic salary for each Executive Director is determined by individual performance and reference to external market data and each is reviewed annually by the Committee. The basic salary is the only element of remuneration that is pensionable.	Not applicable
Pension To provide an appropriate level of retirement provision.	Executive Directors are eligible to participate in a defined contribution pension plan. In addition, contributions may be made to a personal pension arrangement, including through salary sacrifice, and/or cash payments may be made in lieu of pension contributions. In the financial year ended 31 March 2016, the maximum pension benefit provided was equivalent to 14% of salary.	Not applicable
Benefits To provide customary benefits.	The principal benefits include one or more of the following non-cash benefits: the provision of a company car, fuel allowance, and the provision of private healthcare. The Committee has discretion to determine whether other benefits should be provided. The cost to the Company of providing these benefits may vary year on year, and the Company monitors this cost.	Not applicable

Remuneration element and purpose	Operation	Measures to assess performance/clawback application
SEIP **(Cash bonus with deferral element)** The Senior Executive Incentive Plan ("SEIP") is a performance-related cash bonus plan, with the ability for the Committee to mandate that a proportion of the bonus be deferred into a deferred share award (the "Deferred Award") dependent on the level of bonus achieved. The SEIP is intended to incentivise executives, reward strong performance and align remuneration to the Company's objectives and goals, including a deferral element to provide longer term alignment to shareholders. The SEIP was formally adopted by the Company in 2016. Philip Meeson does not participate in the SEIP.	**SEIP cash award** In order to encourage strong profit performance and to reward achievement of key customer and individual metrics, bonus awards under the SEIP are determined based on performance conditions set annually. The maximum award value under the SEIP is 80% of base salary. To the extent that the award value achieved exceeds a specified deferral threshold (currently equal to 40% of the maximum award value), half of the award value in excess of the deferral threshold is granted as a deferred award. At maximum performance, the deferred award will therefore represent 30% of the total award value. Any earned cash bonus element is paid following the announcement of results for the financial year to which it relates. The payment of the cash bonus element under the SEIP is subject to the Executive Director being in employment, and not under notice on the payment date, subject to the potential for good leaver treatment to apply as set out below.	The specific targets, and the weightings of each metric, will be set annually by the Committee. The profit-based metric will, however, normally represent at least the majority of the total bonus opportunity. For the financial year commencing 1 April 2016, the profit metric relates to 60% of the maximum opportunity, and the customer and individual metrics as to 20% each. Cash bonus payments are subject to clawback at the discretion of the Committee in the event of a misstatement of results within one year of payment, or the discovery of misconduct that occurred at any time prior to payment.
	SEIP deferred award Deferred awards are granted over a number of shares to reflect the value of the deferred bonus element based on the average share price over the 12 month period to the fifth day following the announcement of results for the relevant financial year. Deferred Awards take the form of a right to receive shares, at a price payable equal to nominal value per share. Deferred awards are subject to a vesting period of three years from the date of grant. On vesting, a dividend equivalent payment will be made on vested shares. The Committee also has discretion to determine that Deferred Awards may be paid in cash. Vesting is not subject to further performance conditions, given that Deferred Awards represent the deferral of previously earned annual bonus. However, the vesting of a Deferred Award under the SEIP is subject to the Executive Director being in employment and not under notice on the vesting date, subject to the potential for good leaver treatment to apply as set out below.	Deferred Awards are subject to clawback at the discretion of the Committee in the event of a misstatement of results within one year of grant, or the discovery of misconduct that occurred at any time prior to vesting.

Report on Directors' Remuneration

Legacy share option plans

A number of share options remain outstanding under two legacy share option plans: the Unapproved Share Option Plan 2005 (the "Unapproved Plan"); and an HMRC tax-approved plan, the Approved Option Plan 2005 (the "Approved Plan"). The vesting of options under the Unapproved Plan is subject to the satisfaction of performance conditions measured over three and six years from the date of grant, and under both plans options become exercisable as to 50% on the third anniversary of grant and as to 50% on the sixth anniversary of grant. The last options were granted in 2012, with options granted in 2011 and 2012 due to become exercisable as detailed in note 23.

Non-Executive Director remuneration

Non-Executive Director fees are determined by the Executive Directors, having taken advice where necessary on appropriate levels. The Non-Executive Director is not involved in any discussions or decisions about his own remuneration.

Service contracts and terms governing loss of office

Service contracts

Philip Meeson's service contract, dated 20 May 2003, contains a rolling notice period of six months. Gary Brown and Stephen Heapy's service contracts, dated 29 April 2013 and 17 June 2013 respectively, contain a 12 month rolling notice period for notice given by the Company and a six month rolling notice period for notice given by the individual. Philip Meeson and Stephen Heapy retire from the Board at the next Annual General Meeting and, being eligible, offer themselves for re-election.

Mark Laurence, the existing Non-Executive Director, has a formal letter of engagement containing a three month rolling notice period for notice given by either party.

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

Incentive awards

The payment of a SEIP cash award is subject to the Executive Director being in employment, and not under notice, on the payment date, save in the case of a redundancy. The vesting of a SEIP Deferred Award is subject to the Executive Director being in employment and not under notice on the vesting date, save in the case of specified good leaver reasons being the Executive Director's death, injury, disability, redundancy, retirement or in connection with a business or company disposal, in which case the Deferred Award shall vest (either on the normal vesting date or immediately as determined by the Committee) subject, unless the Committee determines otherwise, to prorating for time. In addition, the Committee retains discretion to permit the payment of cash awards and/or vesting of Deferred Awards in other circumstances.

The options under the legacy share option plans lapse on the option holder ceasing employment, subject to certain specified good leaver reasons and subject to the Committee retaining discretion to permit exercise.

Directors' emoluments during the year

Director	Basic salary and fees £000	Benefits (note 1) £000	SEIP cash award £000	SEIP Deferred Award (note 2) £000	Pension (note 3) £000	**Total 2016 £000**	Total 2015 £000
Executive Directors:							
Philip Meeson	434	14	–	–	11	**459**	461
Gary Brown	358	1	198	90	49	**696**	663
Stephen Heapy	379	22	212	96	46	**755**	718
Non-Executive Directors:							
Mark Laurence	50	–	–	–	–	**50**	45
Total	1,221	37	410	186	106	**1,960**	1,887

Notes:

1. The remuneration package of each Executive Director includes one or more of the following non-cash benefits: the provision of a company car; fuel allowance; and private healthcare.
2. The Deferred Awards relate to the financial performance period ended 31 March 2016 and are valued according to the average closing share price for the three months ending 31 March 2016, which was £5.80 (2015: closing price on 31 March £3.62). Deferred Awards have been granted since the reporting date, on 26 July 2016, as set out below.
3. Included within Stephen Heapy's "Basic salary and fees" is £15k, which relates to the sacrifice of salary into the Group's pension scheme and its holiday exchange arrangement.
4. 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.

Interests in options

The interests of the Directors who served during the year in options over shares were as follows:

Director	Share scheme	Exercise price	At 31 March 2015 No.	Granted during the year No.	Exercised during the year No.	Lapsed in the year No.	**At 31 March 2016 No.**
Stephen Heapy	Approved Plan	£0.468	25,000	–	(25,000)[1]	–	**–**
Stephen Heapy	Approved Plan	£0.670	4,944	–	–	–	**4,944** [2]
Stephen Heapy	Unapproved Plan	£0.670	20,056	–	–	–	**20,056** [2]
Stephen Heapy	Unapproved Plan	£0.850	30,000	–	–	–	**30,000** [3]

Notes:
1. Option exercised on 15 January 2016, on which date the closing mid-market price of a share was £5.52.
2. All exercisable from 5 August 2016, expiring 5 August 2020.
3. All exercisable from 4 August 2017, expiring 4 August 2021.

The share based payment charge to the Group profit and loss account in respect of the above share options amounted to £2,500 (2015: £3,429).

The closing mid-market price of the Company's shares on 31 March 2016 was £6.64 per 1.25 pence ordinary share. The highest and lowest closing mid-market prices during the year were £6.68 and £3.61 respectively.

SEIP Deferred Awards granted since year end

Since the reporting date, the following Deferred Awards were granted under the SEIP, which include awards achieved for the financial years ended 31 March 2014 and 31 March 2015. The terms of these particular Deferred Awards, including the number of shares subject to the awards, were determined following the relevant year ends, and the value of these Deferred Awards was reported in the Annual Report for the last two years. These awards were formally granted on 26 July 2016, following the formal adoption of the SEIP by the Company in 2016. The awards that represent the deferred element of the SEIP awards achieved for the year ended 31 March 2016, the value of which is included in the table of Directors' emoluments above, were also granted on this same date. As the Company has now adopted the SEIP, Deferred Awards will be granted on an annual basis.

Director	Share scheme	Award price	**Awarded since year end**	Normal vesting date
Gary Brown	SEIP Deferred Award	1.25p	**35,781**	6 July 2017
Gary Brown	SEIP Deferred Award	1.25p	**29,735**	26 July 2018
Gary Brown	SEIP Deferred Award	1.25p	**15,516**	24 July 2019
Stephen Heapy	SEIP Deferred Award	1.25p	**41,581**	6 July 2017
Stephen Heapy	SEIP Deferred Award	1.25p	**32,047**	26 July 2018
Stephen Heapy	SEIP Deferred Award	1.25p	**16,654**	24 July 2019
Total			**171,314**	

All of the above Deferred Awards were granted on 26 July 2016.

Advisers

When required, Herbert Smith Freehills LLP provides legal and regulatory advice to the Company on executive incentive arrangements and the operation of share plans, which is available to the Committee.

On behalf of the Board

Mark Laurence
Director, Chairman of the Remuneration Committee
27 July 2016

Corporate Governance Statement

The Group is committed to the principles of corporate governance contained in the UK Corporate Governance Code, issued by the Financial Reporting Council (the "Code"). A copy of the Code can be found at: www.frc.org.uk/Our-Work/Codes-Standards/Corporate-governance.aspx.

As the Group is listed on AIM, it is not required to comply with the Code but throughout the year ended 31 March 2016, the Board considers that it, and the Group, has been in compliance with its main principles and supporting principles. An explanation of how the Group has complied with these principles is set out below and in the Directors' Remuneration Report and Audit Committee Report. The extent to which the Group does not comply with the more detailed provisions of the Code is also set out below.

The Board

The Board currently comprises: Philip Meeson, who owns 38.01% 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, Executive Director; and one independent Non-Executive Director, Mark Laurence.

The biographies of the Directors appear on page 21 of this Annual Report. The 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 collectively 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 32 and a statement on going concern is given within note 2 to the consolidated financial statements on page 39.

Executive responsibility for the day-to-day running of the Group's Leisure Travel business, comprising the operating subsidiaries ***Jet2holidays*** Limited and ***Jet2.com*** Limited, sits with its Chief Executive Officer, Stephen Heapy, and for **Fowler Welch**, with its Chief Executive Officer, Nicholas Hay. In addition, 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 Group Company Secretary, Ian Day, who is responsible to the Board for ensuring that Board procedures are followed, that applicable rules and regulations are complied with and also that the Directors receive appropriate training as necessary. The appointment and removal of the Group Company Secretary is a matter for the Board as a whole.

The Board meets at least four times a year in order to review trading performance, ensure adequate funding and to set and monitor 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 in relation to trading performance.

Due to the size and composition of the Board, the Group does not operate a nomination committee. New Director appointments are therefore a matter for the Board as a whole.

Board committees

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

Remuneration Committee

During the year, the Group's Remuneration Committee was chaired by Mark Laurence. 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.

Audit Committee

A detailed Audit Committee Report is set out on pages 30 to 31.

The Audit Committee is chaired by Mark Laurence, a Non-Executive Director, and meets not less than twice per year. All of the Executive Directors, the Group Legal Director and Company Secretary, the Group Financial Controller as well as the external and internal auditors are invited to attend meetings.

The Board is satisfied that the Chairman of the Committee has recent and relevant financial experience having held executive roles in the financial services industry.

The Audit Committee Chairman regularly engages with both the external and internal auditors, without the Executive Directors or members of the finance team present. Since 2005, the Audit Committee has met at least twice a year.

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

Director	Board meetings	Remuneration Committee meetings	Audit Committee meetings
Philip Meeson, Group Chairman and Chief Executive	4	2	–
Gary Brown, Group Chief Financial Officer	5	–	2*
Stephen Heapy, Executive Director	5	–	2*
Mark Laurence, Independent Non-Executive Director	5	2	2

* by invitation

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 the signing of the accounts, for identifying, evaluating and managing the significant risks faced by the Group and 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 Board has 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 Group has an independent Internal Audit department, which performs full and regular monitoring of the Group's procedures, promotes robustness of controls, highlights significant departures from procedures and suggests 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.

A Group Risk Management Committee has been established and meets throughout the year to review and monitor the Group risk register and to discuss existing and emerging risk. The Committee, which reports its findings to the Audit Committee, is made up as follows: Chief Financial Officer, Chief Information Officer, Commercial Director, Group Legal Director, Human Resources Director, General Manager – Group Internal Audit and other senior managers.

Modern Slavery Act

The Modern Slavery Act 2015 came into force in October 2015 and requires the Company to publish an annual slavery and human trafficking statement for each financial year that ends on or after 31 March 2016. The Company is in the process of developing this statement which will be published on its website later this year. Neither the Company nor any of its subsidiaries permits, condones or otherwise accepts any form of human trafficking or slavery in its business or supply chains and is committed to doing what it can to combat these practices.

Relations with shareholders

Communications with shareholders are given high priority. The Business and Financial Review on pages 10 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 half-year and preliminary full year results.

The Board uses the Annual General Meeting to communicate with private and institutional investors and welcomes their participation. The Group Chairman and Chief Executive aims to ensure that the chairman of the Audit and Remuneration Committees is available at Annual General Meetings to answer questions. Details of resolutions to be proposed at the Annual General Meeting on 8 September 2016 can be found in the notice of the meeting.

The Dart Group PLC website (www.dartgroup.co.uk) is regularly updated with news and information, including this Annual Report and Accounts document.

Audit Committee Report

I am pleased to present the Audit Committee's report for the year. During the year, the Committee met twice with the Group Chief Financial Officer, the Chief Executive Officer of ***Jet2holidays*** and ***Jet2.com***, the Group Legal Director and Company Secretary, General Manager of Internal Audit and representatives of KPMG LLP, our Auditor.

Our primary function is to assist the Board in fulfilling its responsibilities to protect the interests of the shareholders by ensuring the integrity and clarity of the financial statements.

In addition, we oversee the scope of internal Audit work for the year, review and monitor the adequacy and effectiveness of the internal control and risk management policies, consider the appointment of the external Auditor, their scope of work and their remuneration including reviewing their independence and objectivity and agree the extent of non-audit work undertaken.

The areas of focus remained largely unchanged from 2014/15, being financial reporting & external audit, going concern and medium term viability and internal audit & risk management.

Financial reporting & external audit

The Committee carefully considers key judgements applied in the preparation of the consolidated financial statements that are set out on pages 34 to 59.

The Committee worked closely with the Group's Auditor, KPMG LLP, who attended all the committee meetings during the year. The Committee reviewed the audit engagement letter, proposed fees and KPMG LLP's audit plan, including key audit risks. Having considered the results of both the 2015/16 year end audit and planning work earlier in the year, the Committee was satisfied that the approach adopted was robust and sufficient.

In approving the effectiveness and independence of the external Auditor, the Committee considered relevant professional, ethical and regulatory requirements and the relationship with the Auditor.

Key audit risks

In order to discharge its responsibility to consider accounting integrity, the Committee carefully considers key judgements applied in the preparation of the consolidated financial statements. At the start of the year, KPMG LLP presented their audit plan to the Committee, identifying what they considered to be the key audit risks for the year ahead and the planned scope of work to be performed through the year.

These key risks were as follows:

EU 261 provision

The Committee reviewed the work performed by management in calculating provisions in relation to possible passenger compensation claims for historical flight delays under Regulation (EC) No 261/2004, and noted that management have exercised sensible, prudent judgement.

Hotel prepayments & general accruals

Hoteliers increasingly require payments to be made up front to secure hotel bed stock. There is a stringent control process in place to determine the viability of prepayments prior to contracting and a provision in place to cover any default risk, which is primarily linked to unforeseen hotel closures. The Committee also noted improvement in processes which were reflected in the increasing accuracy of accrual balances.

Aircraft accounting

The Committee reviewed the accounting treatment in relation to aircraft and note that this has been applied appropriately. It also reviewed the value in use calculation prepared by management which was considerably in excess of the carrying value of the aircraft fleet and considered a sensitivity analysis over the key assumptions. As a result, no indications of impairment in respect of the aircraft fleet were noted.

Revenue recognition – deferred and accrued revenue

The Committee discussed with KPMG LLP the business's calculation of revenue and deferred revenue balances and is satisfied that revenue has been recognised appropriately.

Treasury

The Committee considered the Group's treasury policy that covers those transactions to hedge the risk against foreign currency, fuel and carbon price fluctuations and discussed with KPMG LLP the criteria required in order for the Group to apply cash flow hedge accounting. No issues were noted by the Committee and the value of the hedges in place at 31 March 2016 was verified with external sources.

Taxation

The Committee considered and approved the Group's tax policy which outlines the Group's low risk attitude to tax and our good relationship with HMRC. We discussed with KPMG LLP their review of the tax calculations prepared by management and formed the view that the tax treatment has been applied appropriately.

Control environment

As part of their external audit, KPMG LLP review the key processes and IT controls in order to identify where improvements can be made. The overall IT control environment has been maintained and improvements have been noted in a number of key processes. Further work to improve and refine access controls is planned in 2016/17.

Going concern & medium term viability

We have reviewed the going concern basis on which the Annual Report is prepared. The Directors have prepared a three year plan that considers operational results and projected cash flows together with sensitivity analyses which stress test key assumptions. Following a review of these, the Committee is satisfied that the Group has sufficient financial resourcing and financing facilities for the medium term and it is appropriate for the Group to continue to adopt the going concern basis in preparing the financial statements for the year ended 31 March 2016.

Internal audit & risk management

Internal Audit, which continues to be a key function within the business, is focused on ensuring the effectiveness of internal controls and risk management. Internal Audit continues to lead the development of the Group's risk management processes and works with senior management and the Board to ensure that there is appropriate alignment and understanding of key risks and risk appetite, including working with the Group Legal Director on potential changes as a result of the recently held referendum on whether the UK should remain in the EU. Internal Audit is invited to attend Audit Committee meetings, in which it provides updates on progress against the Internal Audit plan, key action points to address control weaknesses identified and the process of risk management across the Group.

The Committee engages directly with Internal Audit, who also had separate meetings with KPMG LLP.

Conclusion

The finance, risk management and control functions have seen significant investment to keep pace with the Group's growth and the Committee's job is made that much easier due to the professionalism and dedication of those involved in these areas, for which I am grateful.

Since year-end, based on reviews from internal and external audit and discussions with management, we reported to the Board that the Committee considers the Annual Report for the year ended 31 March 2016 to be fair, balanced and understandable and provides the information necessary for shareholders to assess our strategy, business model and performance.

Mark Laurence
Director, Chairman of the Audit Committee
27July 2016

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 IFRS 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), including FRS 101 Reduced Disclosure Framework.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 IFRS 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; 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.

By order of the Board

Philip Meeson
Group Chairman and Chief Executive
27 July 2016

Gary Brown
Group Chief Financial Officer
27 July 2016

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 2016 set out on pages 34 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 (IFRS) 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), including FRS 101 Reduced Disclosure Framework.

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 Directors' Responsibilities Statement set out on page 32, 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 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 2016 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic Report and the Directors' Report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

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.

Adrian Stone (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Chartered Accountants and Statutory Auditor, Leeds, United Kingdom.
27 July 2016

Consolidated Income Statement

for the year ended 31 March 2016

	Note	Results for the year ended 31 March 2016 Total £m	Results before separately disclosed items £m	Separately disclosed items £m	Results for the year ended 31 March 2015 Total £m
Revenue	5	**1,405.4**	1,253.2	–	1,253.2
Net operating expenses	6	**(1,300.4)**	(1,203.0)	(17.0)	(1,220.0)
Operating profit	5, 7	**105.0**	50.2	(17.0)	33.2
Finance income		**2.4**	1.7	–	1.7
Finance costs		**(1.9)**	(1.1)	–	(1.1)
Revaluation of derivative hedges		**–**	1.6	–	1.6
Net FX revaluation (losses) / gains		**(1.3)**	4.8	–	4.8
Net financing (costs) / income	8	**(0.8)**	7.0	–	7.0
Profit before taxation		**104.2**	57.2	(17.0)	40.2
Taxation	10	**(15.4)**	(10.8)	3.4	(7.4)
Profit for the year (all attributable to equity shareholders of the parent)		**88.8**	46.4	(13.6)	32.8
Earnings per share					
– basic	12	**60.22p**	31.72p	(9.30)p	22.42p
– diluted	12	**59.89p**	31.40p	(9.20)p	22.20p

Consolidated Statement of Comprehensive Income for the year ended 31 March 2016

	Year ended 31 March 2016 £m	Year ended 31 March 2015 £m
Profit for the year	**88.8**	32.8
Other comprehensive income / (expense)		
Cash flow hedges:		
Fair value gains / (losses) in year	**19.0**	(98.7)
Add back losses transferred to income statement in year	**76.9**	32.0
Related tax (charge) / credit	**(19.2)**	13.1
	76.7	(53.6)
Total comprehensive income / (expense) for the period (all attributable to equity shareholders of the parent)	**165.5**	(20.8)

Consolidated Statement of Financial Position at 31 March 2016

	Note	2016 £m	2015 £m
Non-current assets			
Goodwill	13	**6.8**	6.8
Property, plant and equipment	14	**419.8**	295.3
Derivative financial instruments	22	**15.2**	1.5
		441.8	303.6
Current assets			
Inventories	15	**1.1**	2.0
Trade and other receivables	17	**503.9**	365.6
Derivative financial instruments	22	**49.3**	27.0
Money market deposits	16	**70.0**	65.5
Cash and cash equivalents	16	**342.0**	237.3
		966.3	697.4
Total assets		**1,408.1**	1,001.0
Current liabilities			
Trade and other payables	18	**109.4**	85.7
Deferred revenue		**766.4**	579.6
Borrowings	20	**83.4**	0.8
Provisions	21	**23.3**	28.7
Derivative financial instruments	22	**64.5**	103.8
		1,047.0	798.6
Non-current liabilities			
Other non-current liabilities	19	**0.1**	0.5
Deferred revenue		**1.1**	0.7
Borrowings	20	**7.5**	8.2
Derivative financial instruments	22	**4.6**	25.1
Deferred tax liabilities	10	**29.1**	10.7
		42.4	45.2
Total liabilities		**1,089.4**	843.8
Net assets		**318.7**	157.2
Shareholders' equity			
Share capital	23	**1.8**	1.8
Share premium		**12.4**	11.9
Cash flow hedging reserve	23	**(3.7)**	(80.4)
Retained earnings		**308.2**	223.9
Total shareholders' equity		**318.7**	157.2

The accounts on pages 34 to 68 were approved by the Board of Directors at a meeting held on 27 July 2016 and were signed on its behalf by:

Gary Brown
Group Chief Financial Officer
Dart Group PLC
Registered no. 01295221

Consolidated Statement of Cash Flows for the year ended 31 March 2016

	Note	2016 £m	2015 £m
Cash flows from operating activities:			
Profit on ordinary activities before taxation		**104.2**	40.2
Finance income	8	**(2.4)**	(1.7)
Finance costs	8	**1.9**	1.1
Revaluation of derivative hedges	8	**–**	(1.6)
Net FX revaluation losses / (gains)	8	**1.3**	(4.8)
Depreciation	14	**88.7**	71.3
Equity settled share based payments	23	**0.1**	0.1
Operating cash flows before movements in working capital		**193.8**	104.6
Decrease in inventories		**0.9**	1.1
Increase in trade and other receivables		**(138.3)**	(79.4)
Increase / (decrease) in trade and other payables		**16.6**	(24.3)
Increase in deferred revenue		**187.2**	95.4
(Decrease) / increase in provisions		**(5.4)**	26.3
Cash generated from operations		**254.8**	123.7
Interest received		**2.4**	1.7
Interest paid		**(1.9)**	(1.1)
Income taxes paid		**(11.4)**	(8.2)
Net cash from operating activities		**243.9**	116.1
Cash flows used in investing activities			
Purchase of property, plant and equipment	14	**(213.5)**	(76.4)
Proceeds from sale of property, plant and equipment		**0.2**	–
Net increase in money market deposits	16	**(4.5)**	(13.0)
Net cash used in investing activities		**(217.8)**	(89.4)
Cash from / (used in) financing activities			
Repayment of borrowings		**(0.9)**	(0.8)
New loans advanced		**82.8**	–
Proceeds on issue of shares		**0.5**	0.5
Equity dividends paid	11	**(4.6)**	(4.2)
Net cash from / (used in) financing activities		**77.8**	(4.5)
Effect of foreign exchange rate changes	26	**0.8**	3.9
Net increase in cash in the year	26	**104.7**	26.1
Cash and cash equivalents at beginning of year	26	**237.3**	211.2
Cash and cash equivalents at end of year	26	**342.0**	237.3

Consolidated Statement of Changes in Equity

for the year ended 31 March 2016

	Share capital £m	Share premium £m	Cash flow hedging reserve £m	Retained earnings £m	**Total shareholders' equity £m**
Balance at 31 March 2014	**1.8**	**11.4**	**(26.8)**	**195.2**	**181.6**
Total comprehensive income for the year	–	–	(53.6)	32.8	**(20.8)**
Issue of share capital	–	0.5	–	–	**0.5**
Dividends paid in the year	–	–	–	(4.2)	**(4.2)**
Share based payments	–	–	–	0.1	**0.1**
Balance at 31 March 2015	**1.8**	**11.9**	**(80.4)**	**223.9**	**157.2**
Total comprehensive income for the year	–	–	76.7	88.8	**165.5**
Issue of share capital	–	0.5	–	–	**0.5**
Dividends paid in the year	–	–	–	(4.6)	**(4.6)**
Share based payments	–	–	–	0.1	**0.1**
Balance at 31 March 2016	**1.8**	**12.4**	**(3.7)**	**308.2**	**318.7**

Notes to the Consolidated Financial Statements for the year ended 31 March 2016

1. Authorisation of financial statements and statement of compliance

The Group's financial statements for the year ended 31 March 2016 were authorised by the Board of Directors on 27 July 2016 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 ("IFRS"), as adopted by the European Union ("Adopted IFRS").

The Company has elected to prepare its Parent Company financial statements in accordance with FRS 101 Reduced Disclosure Framework; these statements are presented on pages 60 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 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. Such derivative financial instruments are stated at fair value.

Going concern

The Directors have prepared financial forecasts for the Group, comprising operating profit, balance sheets and cash flows through to 31 March 2019.

For the purpose of assessing 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 banking facilities, the Group's net current liability position, and sensitised forecasts of future trading through to 31 March 2019, including performance against financial covenants and the assessment of principal areas of uncertainty and risk.

Having considered the points outlined above, the Directors have a reasonable expectation that the Company and the Group will be able to operate within the levels of available banking facilities and cash for the foreseeable future. Consequently, they continue to adopt the going concern basis in preparing the financial statements for the year ended 31 March 2016.

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Joint Arrangements

A joint arrangement is an arrangement over which the Group and one or more third parties have joint control. Such arrangements are in turn classified as:

- Joint ventures whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities; and
- Joint operations whereby the Group has rights to the assets and obligations for the liabilities relating to the arrangement.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Notes to the Consolidated Financial Statements for the year ended 31 March 2016

2. Accounting policies continued

Revenue

Revenue (which excludes Value Added Tax and Air Passenger Duty) arises from package holidays, passenger aircraft operations, retail activities, charter and cargo aircraft operations, and warehousing and distribution activities.

Revenue from package holidays and ticket sales for scheduled passenger flights is recognised at the date of departure. Charter aircraft income is recognised in the period in which the service is provided. Non-ticket revenues from hold baggage charges, advanced seat assignment fees, extra leg room charges and in-flight sales are also recognised once the associated flight has departed, or holiday started. In order to match the timing of the costs incurred, separately identified incremental call centre booking fees are recognised at the date of booking, and booking change fees when the change is made. Commission earned from car hire bookings is recognised on departure and from travel insurance on booking, reflecting the point when services are performed.

Cash amounts received from customers for whom revenue has not yet been recognised are recorded in the balance sheet as deferred revenue within current liabilities, or within other non-current liabilities if the Group's services are expected to be performed more than twelve months from the reporting date.

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.

Foreign currencies

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date, and differences arising are recognised in the Consolidated Income Statement as "Net FX revaluation" losses or gains. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are held at the exchange rate at the date of the transaction. 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.

Investments

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

Property, plant and equipment

Property, plant and equipment is 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 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 of aircraft.

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

Freehold property	25–30 years
Freehold land	Not depreciated
Short leasehold property	Over the life of the lease
Aircraft, engines and other components*	2–30 years
Plant, vehicles and equipment	3–7 years

* excluding pre-delivery payments and interest charges on associated borrowing (see below).

Pre-delivery payments and interest charges on associated borrowing, in respect of future new aircraft arrivals, are recorded in property, plant and equipment at cost. Depreciation is not charged until the Group takes delivery of the respective aircraft.

An element of the cost of acquired aircraft is attributed, on acquisition, to its major components 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 the major overhaul of aircraft and engines, are capitalised and amortised over the expected period of benefit. The element of the cost of acquired aircraft not attributed to major components is depreciated to its expected residual value over its remaining useful life, which is assumed to end 20–30 years from original build date depending on the type of aircraft. Where aircraft are subject to specific life extension expenditure, the cost of such work is depreciated over the remaining extended life. All other maintenance costs are expensed to the income statement as incurred.

Residual values are reviewed annually at the balance sheet date and compared to prevailing market rates of equivalently aged assets; if required, depreciation rates are adjusted accordingly on a prospective basis. Carrying values are reviewed for impairment if events or changes in circumstances indicate that the carrying values may not be recoverable.

2. Accounting policies continued

Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, 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, if applicable. 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 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.

Inventories

Inventories are accounted for on a FIFO basis and stated at the lower of cost and net realisable value. Net realisable value is the estimated resale value.

Aircraft spares, held for long-term use, are classified within property, plant and equipment.

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. When an individual engine overhaul is undertaken a notional cost of overhaul is capitalised and then depreciated in line with usage.

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.

Leased aircraft

Provision is made for the estimated future costs of maintenance events, as a consequence of aircraft rectification obligations arising from operating lease agreements, by making appropriate activity based charges to the income statement.

Cash and cash equivalents

Cash and cash equivalents includes short-term deposits maturing within three months of placement 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 activities, are included as a component of cash and cash equivalents.

Money market deposits

Money market deposits comprise deposits with a maturity of more than three months at the point of placement.

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:

- 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
- 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 financing costs.

Notes to the Consolidated Financial Statements for the year ended 31 March 2016

2. Accounting policies continued

Financial instruments

Trade and other receivables and payables

Trade and other receivables and payables are recognised at fair value and, where applicable, subsequently measured at amortised cost based on their respective effective interest rate.

Interest bearing loans and borrowings

All loans and borrowings are initially recorded at fair value less any directly attributable transaction costs and premium or discount. The loans and borrowings are, where applicable, subsequently measured at amortised cost using the effective interest rate method.

Derivative financial instruments and hedging

The Group uses forward foreign currency contracts and monthly aviation fuel swaps to hedge its exposure to foreign exchange rates and aviation fuel price volatility. It also uses forward EU Allowance contracts and Certified Emissions Reduction contracts to hedge exposure to Carbon Emissions Allowance price volatility. Such derivative financial instruments are stated at fair value.

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 the cash flow hedging reserve within equity. Any ineffective portion is recognised within the Consolidated Income Statement.

For all other cash flow hedges, the recycling of the cash flow hedge is taken to the Consolidated Income Statement in the same period in which the hedged transaction begins to affect profit or loss.

Leases

Rental charges on operating leases are charged to the Consolidated Income Statement on a straight-line basis over the life of the lease.

Net financing costs

Finance income

Interest income is recognised in the income statement in the period in which it is earned.

Finance costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such a time as the assets are substantially ready for their intended use. All other finance costs are recognised in the income statement in the period in which they are incurred.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement or the Statement of Comprehensive Income, except to the extent that it relates to items recognised directly in equity, in which case the tax 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

Share based payments

The Company issues equity settled share based payments to certain colleagues. The fair value of these 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 reporting 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 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 income statement.

2. Accounting policies continued

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.

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. Such 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 is tested for impairment annually and is attributable to one cash-generating unit: **Fowler Welch**, whose principal activity is the distribution, throughout the UK, of fresh produce, and temperature-controlled and ambient products on behalf of retailers, processors, growers and importers. 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 two years. Thereafter, a prudent growth rate of 2% (2015: 2%) has been assumed. Projected cash flows have been discounted utilising a discount rate of 10% (2015: 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 group 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 (2015: £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 combined carrying value of the Group's aircraft, engines and other components was £365.5m (2015: £240.8m). 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. These judgements determine the amount of depreciation charged in the Consolidated Income Statement.

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. The Group continues to evaluate the potential impact of their adoption, where applicable, but at this stage it does not expect the financial statements to be materially affected.

International Financial Reporting Standards	Applies to periods beginning after
IFRS 9 *Financial Instruments*	January 2018
IFRS 15 *Revenue from Contracts with Customers*	January 2019
IFRS 16 *Leases*	January 2019

Notes to the Consolidated Financial Statements for the year ended 31 March 2016

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 of Directors approves major capital expenditure, assesses the performance of the Group and also determines key financing decisions. Consequently, the Board of Directors is considered to be the CODM.

For management purposes, the Group is organised into two operating segments: Leisure Travel and Distribution & Logistics. These operating segments are consistent with how information is presented to the CODM for the purpose of resource allocation and assessment of their performance and as such, they are also deemed to be the reporting segments.

The Leisure Travel business specialises in scheduled leisure flights by its airline ***Jet2.com*** to holiday destinations in the Mediterranean, the Canary Islands and to European Leisure Cities and the provision of ATOL licensed package holidays by its tour operator ***Jet2holidays***. Resource allocation decisions are based on the business's entire route network and the deployment of its entire aircraft fleet.

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 the results of the individual distribution centres within the network.

Group eliminations include the removal of inter-segment asset and liability balances.

Following the identification of the operating segments, the Group has assessed the similarity of their characteristics. Given the different performance targets, customer bases and operating markets of each, it is not currently appropriate to aggregate the operating segments for reporting purposes and, therefore, both are disclosed as reportable segments for the year ended 31 March 2016:

- Leisure Travel, which incorporates the Group's ATOL licensed package holidays operator, ***Jet2holidays*** and its leisure airline, ***Jet2.com***; and
- Distribution & Logistics, incorporating the Group's logistics company, **Fowler Welch**.

The Board assesses the performance of each segment based on operating profit, and profit before and after tax. 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.

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.

Year ended 31 March 2016	Leisure Travel £m	Distribution & Logistics £m	Group eliminations £m	Total £m
Revenue	1,261.4	144.0	–	**1,405.4**
Operating profit	99.6	5.4	–	**105.0**
Finance income	2.4	–	–	**2.4**
Finance costs	(1.9)	–	–	**(1.9)**
Net FX revaluation losses	(1.3)	–	–	**(1.3)**
Net financing costs	(0.8)	–	–	**(0.8)**
Profit before taxation	98.8	5.4	–	**104.2**
Taxation	(14.5)	(0.9)	–	**(15.4)**
Profit after taxation	84.3	4.5	–	**88.8**
Assets and liabilities				
Segment assets	1,331.6	82.2	(5.7)	**1,408.1**
Segment liabilities	(1,065.0)	(30.1)	5.7	**(1,089.4)**
Net assets	266.6	52.1	–	**318.7**
Other segment information				
Property, plant and equipment additions	210.6	2.9	–	**213.5**
Depreciation, amortisation and impairment	(86.4)	(2.3)	–	**(88.7)**
Share based payments	(0.1)	–	–	**(0.1)**

5. Segmental reporting continued

Year ended 31 March 2015	Leisure Travel £m	Distribution & Logistics £m	Group eliminations £m	Total £m
Revenue	1,101.5	151.7	–	**1,253.2**
Underlying operating profit	46.9	3.3	–	**50.2**
Finance income	1.7	–	–	**1.7**
Finance costs	(1.1)	–	–	**(1.1)**
Revaluation of derivative hedges	1.6	–	–	**1.6**
Net FX revaluation gains	4.8	–	–	**4.8**
Net financing income	7.0	–	–	**7.0**
Underlying profit before taxation	53.9	3.3	–	**57.2**
Separately disclosed items	(17.0)	–	–	**(17.0)**
Profit before taxation	36.9	3.3	–	**40.2**
Taxation	(6.7)	(0.7)	–	**(7.4)**
Profit after taxation	30.2	2.6	–	**32.8**
Assets and liabilities				
Segment assets	923.3	84.2	(6.5)	**1,001.0**
Segment liabilities	(813.7)	(36.6)	6.5	**(843.8)**
Net assets	109.6	47.6	–	**157.2**
Other segment information				
Property, plant and equipment additions	74.4	2.0	–	**76.4**
Depreciation, amortisation and impairment	(69.1)	(2.2)	–	**(71.3)**
Share based payments	(0.1)	–	–	**(0.1)**

6. Net operating expenses

	2016 £m	2015 £m
Direct operating costs		
Fuel	**208.9**	233.3
Landing, navigation and third party handling	**132.8**	137.7
Aircraft and vehicle rentals	**38.5**	33.7
Maintenance costs	**62.4**	58.0
Subcontractor charges	**38.2**	41.0
Accommodation costs	**344.0**	283.9
Agent commission	**29.0**	22.5
In-flight cost of sales	**19.2**	20.3
Other direct operating costs	**45.6**	42.7
Staff costs	**204.4**	190.6
Depreciation of property, plant and equipment including aircraft and engines	**88.7**	71.3
Other operating charges	**89.7**	68.3
Other operating income	**(1.0)**	(0.3)
Net operating expenses before separately disclosed items	**1,300.4**	1,203.0
Separately disclosed items (note 29)	**–**	17.0
Total net operating expenses	**1,300.4**	1,220.0

Notes to the Consolidated Financial Statements for the year ended 31 March 2016

7. Operating profit

	2016 £m	2015 £m
Operating profit is stated after charging:		
Operating lease rentals: – Land and buildings	3.9	3.7
– Plant and machinery: short-term leases	8.9	7.2
– Plant and machinery: long-term leases	29.7	27.9

Auditor's remuneration	2016 £m	2015 £m
Audit of these financial statements	0.2	0.2
Amounts receivable by Auditor and its associates in respect of:		
– Other services	0.2	0.1

8. Net financing (costs) / income

	2016 £m	2015 £m
Finance income	2.4	1.7
Finance costs	(1.9)	(1.1)
Revaluation of derivative hedges (cash flow hedge ineffectiveness)	–	1.6
Net FX revaluation (losses) / gains	(1.3)	4.8
Net financing (costs) / income	(0.8)	7.0

9. Employees

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

	2016 Number	2015 Number
Operations	3,938	3,857
Administration	1,194	1,037
	5,132	4,894

	2016 £m	2015 £m
Wages and salaries	181.2	169.0
Share options – value of employee services	0.1	0.1
Social security costs	16.8	15.7
Other pension costs	6.3	5.8
	204.4	190.6

9. Employees continued

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.

	2016 £m	2015 £m
Details of key management personnel:		
Short-term employee benefits	**6.4**	5.9
Post-employment benefits	**0.5**	0.4
Total employee benefit costs of key management personnel	**6.9**	6.3

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 24 to 27.

	2016	2015
Details of Directors' remuneration:		
Highest paid Director	**£0.8m**	£0.7m
Number of Directors for whom retirement benefits accrue	**2**	2
Number of Directors who exercised share options	**1**	1

10. Taxation

	2016 £m	2015 £m
Current taxation:		
UK corporation tax based upon the profits for the year:		
– current year	**16.5**	3.5
– prior year	**(0.3)**	(0.2)
Current tax charge for the year	**16.2**	3.3
Deferred taxation:		
Origination and reversal of temporary differences		
– current year	**4.0**	4.4
– prior year	**0.3**	(0.3)
Rate changes	**(5.1)**	–
Deferred tax (credit) / charge for the year	**(0.8)**	4.1
Total tax in income statement in the year	**15.4**	7.4

Notes to the Consolidated Financial Statements for the year ended 31 March 2016

10. Taxation continued

The tax assessed for the current year is lower (2015: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	2016 £m	2015 £m
Profit before taxation	**104.2**	40.2
Profit before taxation multiplied by standard rate of corporation tax in the UK of 20% (2015: 21%)	**20.8**	8.4
Effects of:		
Expenses not deductible	**(0.3)**	(0.5)
Tax rate change	**(5.1)**	–
Adjustments to tax charge in previous periods	**–**	(0.5)
Total	**15.4**	7.4

Deferred tax in the year has been provided at 18% (2015: 20%) as a consequence of legislation enacted in the previous year, which will reduce the rate of UK corporation tax to 19% from 1 April 2017 and to 18% from 1 April 2020. A further reduction to 17% was announced in the Chancellor's Budget of 16 March 2016 but this has yet to be enacted.

	2016 £m	2015 £m
The net deferred tax liability in the balance sheet is as follows:		
Deferred tax assets	**7.6**	20.5
Deferred tax liabilities	**(36.7)**	(31.2)
	(29.1)	(10.7)

	2016 £m	2015 £m
The movement in the net deferred tax liability is as follows:		
As at 1 April	**(10.7)**	(19.7)
Credited / (charged) to income statement	**0.8**	(4.1)
(Charge) / credit taken directly to equity	**(19.2)**	13.1
As at 31 March	**(29.1)**	(10.7)

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

Financial instruments	Deferred tax assets £m
At 31 March 2014	**7.5**
Charge to income	**(0.1)**
Credit to equity	**13.1**
At 31 March 2015	**20.5**
Credit to income	**–**
Charge to equity	**(12.9)**
At 31 March 2016	**7.6**

10. Taxation continued

	Deferred tax liabilities			
	Accelerated capital allowances £m	Financial instruments £m	Other £m	**Total £m**
At 31 March 2014	26.5	0.4	0.3	**27.2**
Charge / (credit) to income	4.3	–	(0.3)	**4.0**
At 31 March 2015	30.8	0.4	–	**31.2**
Charge to income	(0.8)	–	–	**(0.8)**
Charge to equity	–	6.3	–	**6.3**
At 31 March 2016	**30.0**	**6.7**	**–**	**36.7**

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

11. Dividends

	2016 £m	2015 £m
2015/16 interim dividend of 0.90 pence per share paid 1 February 2016 (2014/15: 0.75 pence)	**1.3**	1.1
2014/15 final dividend of 2.25 pence per share paid 16 October 2015 (2013/14: 2.14 pence)	**3.3**	3.1
Total	**4.6**	4.2

12. Earnings per share

	2016 No.	2015 No.
Basic weighted average number of shares in issue	**147,454,373**	146,278,585
Dilutive potential ordinary shares: employee share options	**809,398**	1,455,645
Diluted weighted average number of shares in issue	**148,263,771**	147,734,230

Basis of calculation – earnings (basic and diluted)

	Year to 31 March 2016	Year to 31 March 2015
Profit for the purposes of calculating basic and diluted earnings	**£88.8m**	£32.8m
Earnings per share – basic	**60.22p**	22.42p
Earnings per share – diluted	**59.89p**	22.20p

13. Goodwill

	£m
Net book value as at 31 March 2015 and 31 March 2016	**6.8**
Impairment provision as at 31 March 2015 and 31 March 2016	**–**
Net book value as at 31 March 2015 and 31 March 2016	**6.8**

Notes to the Consolidated Financial Statements for the year ended 31 March 2016

14. Property, plant and equipment

	Freehold property and land £m	Short leasehold property £m	Aircraft, engines and other components £m	Plant, vehicles and equipment £m	**Total £m**
Cost					
At 31 March 2014	35.5	4.4	443.7	62.6	**546.2**
Additions	1.1	0.3	69.0	6.0	**76.4**
Disposals	–	–	(22.1)	(4.4)	**(26.5)**
At 31 March 2015	36.6	4.7	490.6	64.2	**596.1**
Additions	2.1	0.2	204.9	6.3	**213.5**
Disposals	–	–	(26.3)	(1.3)	**(27.6)**
At 31 March 2016	**38.7**	**4.9**	**669.2**	**69.2**	**782.0**
Depreciation					
At 31 March 2014	(7.5)	(1.9)	(207.0)	(38.2)	**(254.6)**
Charge for the year	(0.7)	(0.5)	(63.5)	(6.6)	**(71.3)**
Disposals	–	–	20.7	4.4	**25.1**
At 31 March 2015	(8.2)	(2.4)	(249.8)	(40.4)	**(300.8)**
Charge for the year	(1.6)	(0.5)	(80.1)	(6.5)	**(88.7)**
Disposals	–	–	26.2	1.1	**27.3**
At 31 March 2016	**(9.8)**	**(2.9)**	**(303.7)**	**(45.8)**	**(362.2)**
Net book value					
At 31 March 2016	**28.9**	**2.0**	**365.5**	**23.4**	**419.8**
At 31 March 2015	28.4	2.3	240.8	23.8	**295.3**

The net book value of aircraft, engines and other components includes £99.4m (2015: nil) relating to pre-delivery payments and interest charges on associated borrowing in respect of future new aircraft deliveries. These amounts are not depreciated until the Group takes delivery of the respective aircraft. Included within the cost of aircraft, engines and other components is £2.2m (2015: £1.6m) of interest capitalised. Aircraft, engines and other components additions in the year includes £0.6m (2015: nil) of interest capitalised.

Dart Group PLC is contractually committed to the acquisition of 30 (2015: nil) Boeing 737-800NG aircraft with an undiscounted list price of approximately $2.9bn.

15. Inventories

	2016 £m	2015 £m
Consumables	**1.1**	2.0

16. Money market deposits & cash and cash equivalents

	2016 £m	2015 £m
Money market deposits (maturity more than three months from placement)	**70.0**	65.5
Cash at bank and in hand	**342.0**	237.3

Included within cash and money market deposits is £68.5m (2015: £97.5m) 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, until our customers have travelled. The business also had £5.2m (2015: £51.7m) of cash placed with various counterparties in the form of margin calls to cover out-of-the-money hedge instruments. All of these out-of-the-money positions have run off since the balance sheet date.

17. Trade and other receivables

	2016 £m	2015 £m
Current:		
Trade receivables	**415.1**	295.3
Other receivables	**88.8**	70.3
	503.9	365.6

Ageing analysis of trade receivables

	31 March 2016			31 March 2015		
	Gross receivables £m	**Provision for doubtful debts £m**	**Net trade receivables £m**	Gross receivables £m	Provision for doubtful debts £m	Net trade receivables £m
Not past due	**413.1**	**–**	**413.1**	283.6	–	283.6
Up to one month past due	**1.5**	**–**	**1.5**	9.1	–	9.1
Over one month past due	**0.5**	**–**	**0.5**	2.7	(0.1)	2.6
	415.1	**–**	**415.1**	295.4	(0.1)	295.3

18. Trade and other payables

	2016 £m	2015 £m
Current:		
Trade payables	**28.8**	33.8
Other taxation and social security	**8.5**	6.8
Income tax	**6.9**	2.1
Other creditors and accruals	**65.2**	43.0
	109.4	85.7

19. Other non-current liabilities

	2016 £m	2015 £m
Other creditors and accruals	**0.1**	0.5

20. Borrowings

	2016 £m	2015 £m
Loans are repayable as follows:		
Within one year	**83.4**	0.8
Between one and two years	**7.5**	0.7
Between two and five years	**–**	2.0
Over five years	**–**	5.5
Total borrowings	**90.9**	9.0

Notes to the Consolidated Financial Statements for the year ended 31 March 2016

21. Provisions

	Maintenance		Other		Total	
	2016 £m	2015 £m	**2016 £m**	2015 £m	**2016 £m**	2015 £m
Opening	**6.1**	2.0	**22.6**	0.4	**28.7**	2.4
Provision in the year	**15.7**	12.5	**4.4**	18.2	**20.1**	30.7
Transferred in from other creditors and accruals	**–**	–	**–**	4.5	**–**	4.5
Utilised	**(17.4)**	(8.4)	**(7.7)**	(0.5)	**(25.1)**	(8.9)
Released unused	**–**	–	**(0.4)**	–	**(0.4)**	–
Closing at 31 March	**4.4**	6.1	**18.9**	22.6	**23.3**	28.7

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.

Other provisions relate to the Group's obligation to return leased tractor and trailer units to the lessor in accordance with its contractual requirements and possible Leisure Travel passenger compensation claims.

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's multi-year planning process gives clear visibility of earnings and liquidity to ensure continued operation well within banking facility covenant levels.

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 an unutilised banking facility, for which all covenants had been met. 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, while securing the continuity and flexibility of funding through the use of committed banking facilities and specialist aircraft finance. Additionally, short-term cash flow risk in relation to margin calls in respect of fuel and foreign currency hedge positions is minimised through diversification of counterparties together with 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 banking facility 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 regularly 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 exposure to credit risk is limited to the carrying value of each asset as summarised in section (c) below.

Foreign currency risk

The Group has significant transactional foreign currency exposure, primarily relating to the euro and the US dollar.

Transactional currency exposures arise as a result of purchases denominated 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 up to 90% of its expected requirements for a period of up to 30 months in advance, using forward foreign exchange contracts. As at 31 March 2016, the Group had hedged a significant proportion of its forecast foreign exchange requirements for the 2016/17 year and a proportion of its requirements for the subsequent year. Further information in relation to foreign currency exchange risk is given below.

22. Financial instruments continued

Aviation fuel price risk

The Group's policy is to forward cover up to 90% of future fuel requirements, up to 30 months in advance. As at 31 March 2016, the Group had hedged substantially all of its forecast fuel requirements for the 2016/17 year. It had also hedged a proportion of its requirements for 2017/18 and the subsequent year. All hedging is in line with the policy.

Carbon risk

The Group also hedges its carbon exposure in relation to its obligations under the EU Emissions Trading Scheme. As at 31 March 2016, the Group has acquired its entire requirement for the year ending 31 December 2016 and more than half of the following year's requirement.

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 2019.

(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 2016.

	Carrying amount	
Financial assets	**31 March 2016 £m**	31 March 2015 £m
Liquid assets, loans and receivables:		
Cash and cash equivalents	**342.0**	237.3
Money market deposits	**70.0**	65.5
Trade receivables	**415.1**	295.3
Designated cash flow hedge relationships:		
Forward US dollar contracts	**15.4**	26.3
Forward euro contracts	**39.4**	0.1
Forward jet fuel contracts	**9.7**	1.3
Forward carbon contracts	**–**	0.8
Total financial assets	**891.6**	626.6

	Carrying amount	
Financial liabilities	**31 March 2016 £m**	31 March 2015 £m
Loans and payables		
Trade payables	**28.8**	33.8
Loans	**90.9**	9.0
Other financial liabilities	**0.5**	1.3
Designated cash flow hedge relationships:		
Forward US dollar contracts	**1.5**	0.1
Forward euro contracts	**–**	35.8
Forward jet fuel contracts	**66.8**	92.9
Forward carbon contracts	**0.8**	0.1
Total financial liabilities	**189.3**	173.0

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 has 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 13 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 also 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
At 31 March 2014	1.8	(37.2)
Other comprehensive income	26.6	(93.3)
Credited in income statement	0.1	1.6
At 31 March 2015	**28.5**	**(128.9)**
Other comprehensive income	36.1	59.8
Charged in income statement	(0.1)	–
At 31 March 2016	**64.5**	**(69.1)**

	2016 £m	2015 £m
Amounts (charged) / credited in the Consolidated Income Statement within:		
Operating expenses		
Fair value movements – fuel derivatives	**(0.1)**	0.1
Net financing costs		
Revaluation of derivative hedges	**–**	1.6
	(0.1)	1.7

All (losses) / gains on cash flow hedges recycled from equity into the income statement are reflected within operating expenses or net financing costs.

(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 2016			31 March 2015		
Financial assets	**Derivative financial instruments £m**	**Other receivables £m**	**Total £m**	Derivative financial instruments £m	Other receivables £m	Total £m
< 1 year	**49.3**	**827.1**	**876.4**	27.0	598.1	625.1
1–2 years	**15.2**	**–**	**15.2**	1.5	–	1.5
	64.5	**827.1**	**891.6**	28.5	598.1	626.6

22. Financial instruments continued

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

	31 March 2016			31 March 2015		
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	64.5	112.7	177.2	103.8	35.4	139.2
1–2 years	4.6	7.5	12.1	25.1	1.2	26.3
3–5 years	–	–	–	–	2.0	2.0
> 5 years	–	–	–	–	5.5	5.5
	69.1	120.2	189.3	128.9	44.1	173.0

(d) Borrowing facilities

The Group has various borrowing facilities and financing arrangements available to it. The total borrowing facilities available at 31 March 2016 were as follows:

	Amounts drawn down		Facilities available	
	2016 £m	2015 £m	2016 £m	2015 £m
Committed facilities:				
Revolving credit facilities [i]	–	–	35.0	50.0
Bank loans [ii]	8.1	9.0	8.1	10.0
Aircraft finance [iii]	82.8	–	82.8	–
	90.9	9.0	125.9	60.0

i. £35.0m revolving credit facility committed until the end of August 2017;
ii. The £10.0m bank loan facility matures in August 2017 and the £0.7m loan in April 2016; and
iii. Aircraft finance is provided to partially fund pre-delivery payments and is repayable on aircraft delivery.

In addition to the above, during the year, the Group secured US$40.0m of new Letter of Credit facilities in relation to a number of the Group's card processing counterparties, with respect to Leisure Travel advance sales. The balance at the reporting date was US$49.4m (2015: US$15.1m).

(e) Interest rate risk

	31 March 2016			31 March 2015		
Financial assets	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 & cash and cash equivalents:						
Sterling	380.7	12.3	393.0	236.0	33.0	269.0
US dollar	15.6	0.2	15.8	53.2	(13.1)	40.1
Euro	3.0	–	3.0	0.1	(7.0)	(6.9)
Other	–	0.2	0.2	–	0.6	0.6
	399.3	12.7	412.0	289.3	13.5	302.8

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 across a range of currencies.

Money market deposits comprise deposits with a maturity of more than three months from placement.

22. Financial instruments continued

Financial liabilities	31 March 2016 Floating rate financial liabilities £m	31 March 2016 Fixed rate financial liabilities £m	31 March 2016 Total £m	31 March 2015 Floating rate financial liabilities £m	31 March 2015 Fixed rate financial liabilities £m	31 March 2015 Total £m
Sterling	**8.1**	**–**	**8.1**	9.0	–	9.0
US dollar	**82.8**	**–**	**82.8**	–	–	–
	90.9	**–**	**90.9**	9.0	–	9.0

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, means interest rate risk is 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
2016				
Sterling	**5.3**	**(16.8)**	**0.3**	**(11.2)**
2015				
Sterling	26.2	(24.2)	0.6	2.6

(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 2016 +/- £m	31 March 2015 +/- £m
Impact on Profit and Loss		
10% change in jet fuel prices	**–**	–
5% movement of sterling	**0.5**	0.1
Impact on Equity		
10% change in jet fuel prices	**22.0**	16.8
5% movement of sterling	**40.3**	23.3

23. Called up share capital and reserves

Share capital

	Number of shares	2016 £m	2015 £m
Authorised ordinary shares of 1.25p each	160,000,000	**2.0**	2.0
Allotted, called up and fully paid:			
As at 31 March 2015	147,012,135	**1.8**	1.8
Options exercised	885,956	**–**	–
As at 31 March 2016	147,898,091	**1.8**	1.8

23. Called up share capital and reserves continued

Employee share schemes

Dart Group PLC has two legacy share option schemes in operation. 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 2016. Dart Group PLC received the sum of £489,145 (2015: £498,003) in respect of options exercised during the year. The total expense recognised for the period arising from share based payments was £0.1m (2015: £0.1m).

Summary of options outstanding

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

Scheme[a]	Grant date	Option price	**31 March 2016 shares**	31 March 2015 shares	Timing of exercise and expiry
Unapproved 2005	21 Nov 05	78.50p	**–**	40,000	All exercisable, expiring 21 Nov 15
Unapproved 2005	04 Sep 08	24.75p	**61,880**	62,303	All exercisable, expiring 04 Sep 18
Unapproved 2005	10 Sep 09	52.50p	**–**	360,204	All exercisable from 10 Sep 15, all expiring 10 Sep 19
Unapproved 2005	05 Aug 10	67.00p	**147,201**	147,201	All exercisable from 05 Aug 16, expiring 05 Aug 20
Unapproved 2005	04 Aug 11	85.00p	**60,000**	60,000	All exercisable from 04 Aug 17, expiring 04 Aug 21
Total Unapproved			**269,081**	669,708	
Approved 2005	23 Nov 05	79.13p	**–**	60,000	All exercisable, expiring 23 Nov 15
Approved 2005	03 Aug 07	101.75p	**28,500**	45,000	All exercisable, expiring 03 Aug 17
Approved 2005	18 Dec 07	53.25p	**–**	15,000	All exercisable, expiring 18 Dec 17
Approved 2005	04 Sep 08	24.75p	**115,982**	193,750	All exercisable, expiring 04 Sep 18
Approved 2005	10 Sep 09	52.50p	**342,204**	914,763	All exercisable, expiring 10 Sep 19
Approved 2005	16 Dec 09	46.75p	**13,300**	76,250	All exercisable, expiring 16 Dec 19
Approved 2005	05 Aug 10	67.00p	**76,138**	76,138	All exercisable from 05 Aug 16, expiring 05 Aug 20
Approved 2005	23 Dec 10	94.50p	**84,623**	84,623	12k currently exercisable, remainder from 23 Dec 16, all expiring 23 Dec 20
Approved 2005	04 Aug 11	85.00p	**66,250**	77,500	20k currently exercisable, remainder from 04 Aug 17, all expiring 04 Aug 21
Approved 2005	22 Dec 11	63.88p	**57,500**	86,250	All exercisable from 22 Dec 17, expiring 22 Dec 21
Approved 2005	01 Aug 12	76.38p	**74,509**	131,515	9k currently exercisable, remainder from 01 Aug 18, expiring 01 Aug 22
Total Approved			**859,006**	1,760,789	
Total			**1,128,087**	2,430,497	

a. Unapproved 2005 = The Dart Group Unapproved Share Option Plan 2005; Approved 2005 = The Dart Group Approved Share Option Plan 2005.

There were no new share option awards during the year or the previous year.

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.

Notes to the Consolidated Financial Statements for the year ended 31 March 2016

23. Called up share capital and reserves continued

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

	2016 Number of options	2016 Weighted average exercise price (pence)	2015 Number of options	2015 Weighted average exercise price (pence)
Outstanding at 1 April	**2,430,497**	**57.7**	3,921,702	52.2
Granted	**–**	**–**	–	–
Exercised	**(885,956)**	**55.2**	(1,229,392)	40.5
Lapsed	**(416,454)**	**53.9**	(261,813)	56.0
Outstanding at 31 March	**1,128,087**	**61.1**	2,430,497	57.7
Exercisable at 31 March	**602,859**	**48.6**	761,966	56.2
Estimated weighted average share price at date of exercise		**492.00**		258.17

Options outstanding at 31 March are in respect of all options issued since 7 November 2002 (see note 2 – employee benefits). 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 4.0 years (2015: 4.6 years).

Since the reporting date, Deferred Awards were granted under the Senior Executive Incentive Plan ("SEIP"), including awards in relation to the financial years ended 31 March 2014 and 31 March 2015. The awards were formally granted on 26 July 2016, following the formal adoption of the SEIP by the Company in 2016. The following numbers of shares were awarded: 62,585 vesting on 24 July 2019; 97,804 vesting on 26 July 2018; and 77,362 vesting on 6 July 2017, including certain Director awards as detailed in the Report on Director's Remuneration.

Reserves

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

24. Commitments

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

	Land and buildings		Aircraft and engines		Plant and machinery	
	2016 £m	2015 £m	**2016 £m**	2015 £m	**2016 £m**	2015 £m
Less than one year	**2.8**	1.6	**22.3**	18.5	**9.7**	11.3
Between two and five years	**8.9**	9.2	**52.4**	50.3	**11.8**	18.7
Over five years	**5.5**	5.4	**2.0**	6.1	**0.4**	2.3
	17.2	16.2	**76.7**	74.9	**21.9**	32.3

25. Contingent liabilities

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

26. Notes to cash flow statement

Changes in net cash	At 31 March 2015 £m	Cash flow £m	Exchange differences £m	**At 31 March 2016 £m**
Cash at bank and in hand	237.3	103.9	0.8	**342.0**
Bank loans due within one year	(0.8)	(80.3)	(2.3)	**(83.4)**
Cash and cash equivalents	236.5	23.6	(1.5)	**258.6**
Bank loans due after one year	(8.2)	0.7	–	**(7.5)**
Net cash	228.3	24.3	(1.5)	**251.1**

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 £6.3m (2015: £5.8m). 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 Executive and Non-Executive Directors, as outlined on page 21 of the Annual Report. The compensation of key management personnel can be found in note 9 to the consolidated financial statements and in the Report on Directors' Remuneration set out on pages 24 to 27 of the Annual Report.

29. Separately disclosed items

Separately disclosed items were presented in the middle column of the year ended 31 March 2015 Consolidated Income Statement in order to assist the reader's understanding of underlying business performance and to provide a more meaningful presentation. The right hand column presents the results for that year showing all gains and losses recorded in the Consolidated Income Statement.

EU Regulation 261

The prior year results included a separately disclosed exceptional provision of £17.0m, in relation to possible passenger compensation claims for historical flight delays under Regulation (EC) No 261/2004.

Parent Company Balance Sheet

at 31 March 2016

	Note	2016 £m	2015 £m
Fixed assets			
Tangible fixed assets	5	**386.8**	263.3
Investments	6	**22.7**	22.8
		409.5	286.1
Current assets			
Debtors – of which falling due > 1 year: £5.5m (2015: £6.3m)	7	**18.2**	17.5
Cash and cash equivalents		**10.3**	0.3
Money market deposits		**20.0**	15.0
		48.5	32.8
Current liabilities			
Creditors: amounts falling due within one year	8	**(354.2)**	(219.1)
Net current liabilities		**(305.7)**	(186.3)
Total assets less current liabilities		**103.8**	99.8
Loans falling due after more than one year		**(7.5)**	(8.2)
Deferred taxation	9	**(20.1)**	(19.9)
Net assets		**76.2**	71.7
Shareholders' equity			
Share capital		**1.8**	1.8
Share premium		**12.4**	11.9
Profit and loss account		**62.2**	55.0
Cash flow hedging reserve		**(0.2)**	3.0
Total shareholders' equity		**76.2**	71.7

The accounts on pages 60 to 68 were approved by the Board of Directors at a meeting held on 27 July 2016 and were signed on its behalf by:

Gary Brown
Group Chief Financial Officer
Dart Group PLC
Registered no. 01295221

Parent Company Statement of Changes in Equity for the year ended 31 March 2016

	Share capital £m	Share premium £m	Cash flow hedging reserve £m	Retained earnings £m	**Total shareholders' equity £m**
Balance at 31 March 2014	**1.8**	**11.4**	**(1.7)**	**52.6**	**64.1**
Total comprehensive income for the year	–	–	4.7	(13.8)	**(9.1)**
Issue of share capital	–	0.5	–	–	**0.5**
Dividends paid in the year	–	–	–	(4.2)	**(4.2)**
Dividends received in the year	–	–	–	20.4	**20.4**
Balance at 31 March 2015	**1.8**	**11.9**	**3.0**	**55.0**	**71.7**
Total comprehensive income for the year	–	–	(3.2)	(8.2)	**(11.4)**
Issue of share capital	–	0.5	–	–	**0.5**
Dividends paid in the year	–	–	–	(4.6)	**(4.6)**
Dividends received in the year	–	–	–	20.0	**20.0**
Balance at 31 March 2016	**1.8**	**12.4**	**(0.2)**	**62.2**	**76.2**

Notes to the Parent Company Financial Statements for the year ended 31 March 2016

1. Basis of preparation

The separate financial statements of the Company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS 100 Application of Financial Reporting Requirements issued by the Financial Reporting Council. Accordingly, in the year ended 31 March 2016 the Company has decided to adopt FRS 101 Reduced Disclosure Framework. The transition from Old UK GAAP, which is explained in more detail in note 15, is not considered to have had a material effect on the financial statements.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a cash flow statement and related notes;
- comparative period reconciliations for share capital and tangible fixed assets;
- transactions with other Group companies;
- capital management;
- the effects of new but not yet effective IFRS;
- an additional balance sheet for the beginning of the earliest comparative period following the retrospective change in accounting policy; and
- compensation of key management personnel.

As the consolidated financial statements include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of Group settled share based payments;
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instruments: Disclosures.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in relation to future financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS 101 balance sheet at 1 April 2014 for the purposes of the transition to FRS 101.

2. Significant accounting policies

Going concern

Dart Group PLC is accounted for on a going concern basis. The Company provides aircraft leasing, treasury, legal and IT management services to the Group and, accordingly, 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 sheets and cash flows through to 31 March 2019.

For the purpose of assessing 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 banking facilities, the Company's net current liability position, and sensitised forecasts of future trading through to 31 March 2019, including performance against financial covenants and the assessment of principal areas of uncertainty and risk.

Having considered the points outlined above, the Directors have a reasonable expectation that the Company will be able to operate within the levels of available banking facilities and cash for the foreseeable future. Consequently, they continue to adopt the going concern basis in preparing the financial statements for the year ended 31 March 2016.

Foreign currencies

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date, and differences arising are recognised in the results for the year.

2. Significant accounting policies continued

Investments

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

Tangible fixed assets

Property, plant and equipment is 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 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 of aircraft.

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

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

* excluding pre-delivery payments and interest charges on associated borrowing (see below).

Pre-delivery payments and interest charges on associated borrowing, in respect of future new aircraft arrivals, are recorded in property, plant and equipment at cost. Depreciation is not charged until the Company takes delivery of the respective aircraft.

The non-component value of each aircraft is depreciated to its expected residual value over its remaining useful life, which is assumed to end 20–30 years from original build date, depending on the type of aircraft. Where aircraft are subject to specific life extension expenditure, the cost of such work is depreciated over the remaining extended life.

Aircraft maintenance costs

Jet2.com Limited, 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 each aircraft and its engines in accordance with the aircraft manufacturer's published maintenance programmes during the term of the lease and to ensure that each 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 that is set at a level which is estimated to cover the cost of future maintenance procedures when they occur. The deposit is refundable to ***Jet2.com*** immediately after each maintenance event has been completed by ***Jet2.com***. Consequently, these deposits are classified as "amounts due to Group undertakings" within creditors less than one year. This arrangement does not constitute a financing transaction and no interest is charged on the deposit balance.

Borrowings

All loans and borrowings are initially recorded at fair value less any directly attributable transaction costs and premium or discount. The loans and borrowings are, where applicable, subsequently measured at amortised cost using the effective interest rate method.

Leases

Rental charges on operating leases are charged to the profit and loss account on a straight-line basis over the life of the lease.

Cash and cash equivalents

Cash equivalents are defined as including short-term deposits maturing within three months of placement.

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, which have arisen but not reversed, as required by IAS 12.

Employee benefits

Pension costs

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

Notes to the Parent Company Financial Statements for the year ended 31 March 2016

3. Accounting estimates and judgements

In the application of the Company's accounting policies, which are described above, 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 combined carrying value of aircraft, engines and other components totalled £384.1m (2015: £260.6m). 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.

4. Profit for the year

The Company has taken advantage of the provisions of section 408 of the Companies Act 2006 and has elected to not publish its own profit and loss account for the year. Of the profit on ordinary activities after taxation for the year, a loss of £8.2m (2015: loss £13.8m) is dealt with in the accounts of the Company.

5. Tangible fixed assets

	Freehold property £m	Short leasehold property £m	Aircrafts, engines and other components £m	Plant, vehicles & equipment £m	**Total £m**
Cost					
At 31 March 2015	1.6	1.2	399.0	7.2	**409.0**
Additions	–	–	159.0	0.6	**159.6**
Disposals	–	–	(5.4)	–	**(5.4)**
At 31 March 2016	**1.6**	**1.2**	**552.6**	**7.8**	**563.2**
Depreciation					
At 31 March 2015	–	(0.9)	(138.4)	(6.4)	**(145.7)**
Charge for the year	–	(0.1)	(33.8)	(0.5)	**(34.4)**
On disposals	–	–	3.7	–	**3.7**
At 31 March 2016	**–**	**(1.0)**	**(168.5)**	**(6.9)**	**(176.4)**
Net book value					
At 31 March 2016	**1.6**	**0.2**	**384.1**	**0.9**	**386.8**
At 31 March 2015	1.6	0.3	260.6	0.8	**263.3**

Aircraft and engines having an original cost of £451.6m (2015: £399.0m) and accumulated depreciation of £168.5m (2015: £138.4m) are held for use by a subsidiary company under operating leases.

The net book value of aircraft and engines includes £99.4m (2015: nil) relating to pre-delivery payments and interest charges on associated borrowing in respect of future new aircraft arrivals. This balance is not depreciated.

6. Investment in subsidiaries

	£m
Shares in subsidiary undertakings at cost, and net investment:	
At 31 March 2015	**22.8**
Disposals	**(0.1)**
At 31 March 2016	**22.7**

During the year, Dart Group PLC disposed of its £0.1m investment in its dormant subsidiary, Channel Express (C.I) Limited following a decision to liquidate the company. The following dormant subsidiaries were also liquidated during the year:

Bourne Aviation Supply Limited
Coolchain Group Limited
Deltec Aviation Services Limited

The remaining subsidiary undertakings of the Company are:

	Principal activity	% holding	Country of incorporation or registration
Principal subsidiary undertakings:			
Fowler Welch-Coolchain Limited *	Distribution and logistics services	100%	United Kingdom
Jet2.com Limited *	Leisure travel airline services	100%	United Kingdom
Jet2holidays Limited	Leisure travel package holiday services	100%	United Kingdom
Jet2 Transport Services Limited	Transport services	100%	United Kingdom
Other subsidiary undertakings:			
Coolchain Limited *	Dormant company	100%	United Kingdom
Fowler Welch BV	Dormant company	100%	Netherlands
Fowler Welch Limited *	Dormant company	100%	United Kingdom
Fowler Welch (Containers) Limited	Leasing services	100%	United Kingdom
Jet2 Limited *	Dormant company	100%	United Kingdom
Vardy Limited *	Aviation services	100%	Republic of Ireland

* Indicates investments held directly by Dart Group PLC as at 31 March 2016.

The issued share capital of each subsidiary undertaking consists entirely of ordinary shares except for Coolchain Limited, which has both ordinary and preference shares in issue.

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

7. Debtors

	2016 £m	2015 £m
Other debtors and prepayments	**5.1**	0.9
Corporation tax recoverable	**5.7**	5.8
Amounts owed by Group undertakings – of which £5.5m falls due > one year: (2015: £6.1m)	**7.0**	6.9
Derivative financial instruments – of which £nil falls due > one year: (2015: £0.2m)	**0.4**	3.9
	18.2	17.5

Notes to the Parent Company Financial Statements for the year ended 31 March 2016

8. Creditors: amounts falling due within one year

	2016 £m	2015 £m
Bank overdraft	**51.7**	58.6
Trade creditors	**0.1**	0.1
Amounts owed to Group undertakings	**215.8**	157.8
Other creditors and accruals	**2.6**	1.9
Loans	**83.4**	0.7
Derivative financial instruments	**0.6**	–
	354.2	219.1

Included in amounts owed to Group undertakings are maintenance security deposits repayable to ***Jet2.com*** of £129.4m (2015: £108.4m).

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. Deferred taxation

	2016 £m	2015 £m
Deferred taxation arising from:		
Opening balance	**19.9**	19.7
Charge / (credit) to income	**1.1**	(1.1)
(Credit) / charge to equity	**(0.9)**	1.3
Deferred tax liability at end of year	**20.1**	19.9

There are no unrecognised deferred taxation balances at 31 March 2016 (2015: £nil). The deferred tax balance is broken down below:

	2016 £m	2015 £m
Accelerated Capital Allowances	**20.1**	19.0
Timing differences on derivative financial instruments	**–**	0.9
	20.1	19.9

10. Directors and employees

	2016 £m	2015 £m
Wages and salaries	**1.7**	1.5
Social security costs	**0.2**	0.2
Other pension costs	**0.1**	0.1
	2.0	1.8

On average, the Company had 12 employees during the year ended 31 March 2016 (2015: 10). Details of Directors' emoluments are set out in the Directors' remuneration report on pages 24 to 27. Details of the highest paid Director are set out in note 9 to the consolidated financial statements.

11. 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 £nil (2015: £nil).

12. 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 are expected to lead to a material gain or loss.

13. Related party transactions

The Company has taken advantage of the exemption granted by paragraph 8(k) of FRS 101, not to disclose transactions and balances with other Group companies.

14. 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.

15. Explanation of transition to FRS 101 from Old UK GAAP

These are the Company's first financial statements prepared in accordance with FRS 101.

The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 March 2016, the comparative information presented in these financial statements for the year ended 31 March 2015 and in the preparation of an opening FRS 101 balance sheet at 1 April 2014 (the Company's date of transition).

In preparing its FRS 101 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (Old UK GAAP). An explanation of how the transition from Old UK GAAP to FRS 101 has affected the Company's financial position is set out in the table below.

Notes to the reconciliation of equity table presented below

a. Under Old UK GAAP (FRS 15) spare aircraft parts were classified as stock. In accordance with IAS 16 property, plant and equipment, these items are now classified as property, plant and equipment because they are expected to be used over more than one period.

b. Under Old UK GAAP, the mark-to-market revaluations of derivative financial instruments were not required to be reported. In accordance with IAS 39 and IFRS 7 all such revaluations are now reported on the balance sheet. Deferred taxation is also recognised on these balances in accordance with IAS 12 income taxes.

   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 the cash flow hedging reserve within equity. Any ineffective portion is recognised within the Income Statement.

   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 transaction begins to affect profit or loss.

c. Short-term deposits with a maturity of more than three months at the point of placement were included in cash and cash equivalents under Old UK GAAP. These are reclassified as money market deposits in accordance with IAS 7 statement of cash flows.

Notes to the Parent Company Financial Statements for the year ended 31 March 2016

15. Explanation of transition to FRS 101 from Old UK GAAP continued

Reconciliation of equity:

	Note	1 April 2014 Old UK GAAP	1 April 2014 Effect of transition to FRS 101	1 April 2014 FRS 101	31 March 2015 Old UK GAAP	31 March 2015 Effect of transition to FRS 101	31 March 2015 FRS 101
Fixed assets							
Tangible fixed assets	a	241.3	3.3	**244.6**	261.2	2.1	**263.3**
Investments		29.2	–	**29.2**	22.8	–	**22.8**
		270.5	3.3	**273.8**	284.0	2.1	**286.1**
Current assets							
Stock	a	3.3	(3.3)	**–**	2.1	(2.1)	**–**
Other debtors and prepayments		1.3	–	**1.3**	0.9	–	**0.9**
Corporation tax recoverable		3.4	–	**3.4**	5.8	–	**5.8**
Amounts due from Group undertakings		7.4	–	**7.4**	6.9	–	**6.9**
Derivative financial instruments	b	–	–	**–**	–	3.9	**3.9**
Cash at bank and in hand	c	4.7	–	**4.7**	15.3	(15.0)	**0.3**
Money market deposits	c	–	–	**–**	–	15.0	**15.0**
		20.1	(3.3)	**16.8**	31.0	1.8	**32.8**
Creditors: amounts falling due within one year							
Bank overdraft		(19.1)	–	**(19.1)**	(58.6)	–	**(58.6)**
Trade creditors		(0.5)	–	**(0.5)**	(0.1)	–	**(0.1)**
Amounts owed to Group undertakings		(174.0)	–	**(174.0)**	(157.8)	–	**(157.8)**
Other creditors and accruals		(1.5)	–	**(1.5)**	(1.9)	–	**(1.9)**
Loans		(0.7)	–	**(0.7)**	(0.7)	–	**(0.7)**
Derivative financial instruments	b	–	(2.1)	**(2.1)**	–	–	**–**
		(195.8)	(2.1)	**(197.9)**	(219.1)	–	**(219.1)**
Net current liabilities		(175.7)	(5.4)	**(181.1)**	(188.1)	1.8	**(186.3)**
Creditors: amounts falling due after more than one year							
Loans		(8.8)	–	**(8.8)**	(8.2)	–	**(8.2)**
Derivative financial instruments	b	–	(0.1)	**(0.1)**	–	–	**–**
Deferred tax	b	(20.1)	0.4	**(19.7)**	(19.0)	(0.9)	**(19.9)**
		(28.9)	0.3	**(28.6)**	(27.2)	(0.9)	**(28.1)**
Net assets		65.9	(1.8)	**64.1**	68.7	3.0	**71.7**
Capital and reserves							
Called up share capital		1.8	–	**1.8**	1.8	–	**1.8**
Share premium		11.4	–	**11.4**	11.9	–	**11.9**
Profit and loss account	b	52.7	(0.1)	**52.6**	55.0	–	**55.0**
Cash flow hedge reserve	b	–	(1.7)	**(1.7)**	–	3.0	**3.0**
Shareholders' equity		65.9	(1.8)	**64.1**	68.7	3.0	**71.7**

Glossary of Terms

Ambient	Non-temperature-controlled distribution.
ATOL	Air Travel Organiser's License.
Average Package Holiday Price	Total package holiday revenue, excluding Non-ticket Revenue, in a period, divided by the number of package holiday customers departing in that period.
Capacity	See Sector Seats Available below.
CAGR	Compound average growth rate.
CODM	Chief operating decision maker.
EBITDA	Earnings before interest, taxation, depreciation and amortisation.
Load Factor	The percentage relationship of Passenger Sectors Flown to Sector Seats Available.
Miles per Gallon	Average number of miles driven for every gallon of fuel consumed.
Net Ticket Yield	Total airline ticket revenue, excluding taxes, divided by the number of Passenger Sectors Flown.
Non-ticket Revenue	All non-ticket revenue, including hold baggage charges, advanced seat assignment fees, extra leg room fees, in-flight sales and commissions earned on car hire and insurance bookings.
Passenger Sectors Flown	Number of passengers flown on a single leg journey. Passengers flown comprises seats sold (including no-shows), seats for promotional purposes and seats provided to staff for business travel.
Sector	A single leg flight journey.
Sector Seats Available	Total number of seats available according to the Leisure Travel scheduled flying programme (also known as Capacity).

Secretary and Advisers

Registered number	1295221	
Secretary and Registered Office	Ian Day Low Fare Finder House Leeds Bradford International Airport Leeds LS19 7TU	
Auditor	KPMG LLP 1 Sovereign Square Sovereign Street Leeds LS1 4DA	
Registrars	Capita Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU	
Bankers	Barclays Bank PLC 1 Park Row Leeds LS1 5WU	Lloyds Bank plc 2nd Floor Lisbon House 116 Wellington Street Leeds LS1 4LT
	Clydesdale Bank (trading as Yorkshire Bank) Corporate Banking (1st Floor) Merrion Way Leeds LS2 8NZ	Santander Global Banking & Markets 2 Triton Square Regent's Place London NW1 3AN
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Solicitors	Herbert Smith Freehills LLP Exchange House Primrose Street London EC2A 2EG	Bird & Bird LLP 15 Fetter Lane London EC4A 1JP
	Norton Rose Fulbright LLP 3 More London Riverside London SE1 2AQ	

Financial Calendar

Annual General Meeting	8 September 2016
Proposed final dividend payment	21 October 2016
Results for the six months to 30 September 2016	17 November 2016
Results for the twelve months to 31 March 2017	July 2017

Shareholder Notes


jet2.com

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